



THE INDEPENDENT

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WEATHER: Dry and bright; some rain later

(IR45p) 40p

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Apple's latest trauma
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Rostropovich:
a celebration

THE TABLOID

Can a New Man
survive in
the City?

The portrait of a poor teacher

EXCLUSIVE

by Judith Judd

Who are England's bad teachers? The profile of the few thousand failing teachers, whose existence has inspired angry debate, is revealed today in an internal official memorandum leaked to *The Independent*. The bad teacher is experienced, not a new recruit; teaches a smaller class than her more competent colleagues; and is more likely to be found teaching nine-year-olds than five-year-olds, according to the memorandum sent to inspectors. He or she is also more like-

ly to have trouble keeping order than to lack knowledge about the subject being taught. The memorandum circulated within Ofsted, the standards watchdog, offers the first official picture of the profile and distribution of bad primary teachers. Critics said yesterday that it cast doubt on government policies on both class size and improving teachers by a blitz on teacher training to boost the

quality of new recruits. Gillian Shephard, the Secretary of State for Education, has cited an Ofsted study to support the Government's stance that there is no evidence that reducing class sizes raises standards. But class size campaigners said the memo suggested that it was impossible to draw firm conclusions about class sizes when a disproportionate number of small classes were being

taught by poor teachers. Christine Agambar, Ofsted's head of the research and analysis, says in the memo: "Generally, [poor teachers] teach smaller classes than their more effective peers - possibly because headteachers are anxious to place them in the best circumstances to support their effectiveness." Her findings also throw into question ministers' belief that the root cause of bad teaching lies in trendy teacher training courses which are failing to equip teachers for the jobs.

Mrs Shephard last month announced a new national curriculum for primary teacher training. She used an Ofsted report on reading in inner London boroughs - which said that newly trained teachers were unhappy with their training - to back her decision. The Ofsted memo says that the failings of poor teachers tend to be in their inability to keep order and to organise lessons rather than in their lack of subject knowledge, though the latter may contribute to their failings.

Reception class children and those at the top of primary schools have the best teachers, according to the analysis - just 7 per cent of their teachers are poor. Those in year five (nine and ten-year-olds) fare worst: a quarter of their teachers give consistently poor or unsatisfactory lessons. For eight-year-olds the figure is one-fifth. Mrs Agambar says in the analysis, sent out at the end of last January, that the original figure for the number of incompetent teachers given by Chris

Woodhead, the Chief Inspector of Schools, in a *Panorama* programme in the previous November was "a rough estimate" which had met with "justified criticism" from some inspectors. Mr Woodhead gave a figure of 15,000 for primary and secondary teachers. Mrs Agambar's subsequent analysis for primary teachers suggests that the figure for primary is about 7000. The conclusions were based on 493 out of 20,000 primary schools, all with fewer than 9 teachers.

Ofsted said that its report, published in November 1995, said that the quality of teaching was more important than the size of the class. "If you have two classes of the same size, it is the quality of the teacher that matters," a spokeswoman said. Margaret Tulloch of the Campaign for the Advancement of State Education said: "One has to question politicians who quote the Ofsted research since this memo seems to cast doubt on it."

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Albania enters the twilight zone

Andrew Gumbel

Albania was in the grip of a rule of terror last night as the government imposed martial law, enforced a rigorous curfew, cracked down on foreign and domestic media and ordered its security forces to shoot on sight at the first sign of trouble.

With armed gangs roving around cities in the south and the population in growing ferment against a crumbling, corrupt government, President Sali Berisha and his confidants resorted to repression in a desperate attempt to restore order. The streets of the capital, Tirana, were choked with uniformed and plainclothes police. Residents ventured out only to buy supplies of bread and other staples before scurrying back home. Foreigners, terrified by reports of random attacks by plainclothes policemen, including one on a British journalist, abandoned their houses and offices and moved into the city's large international hotels for protection.

The local language services of the BBC and Voice of America, both key sources of independent information for Albanians, were pulled from their FM slots and the rest of the media was subjected to government censorship.

The offices of the country's most popular newspaper, *Koha Jone*, were left smouldering

after a group of men burst in overnight and set fire to the building and looted Molotov cocktails in all directions.

The country's northern border with the Yugoslav republic of Montenegro was closed and in the south ferry services to Corfu were suspended indefinitely. Foreigners were ordered to leave the south of the country and Italian military helicopters flew over to the port of Vlorë, which has seen some of the worst of the unrest, to pick up about 40 of them and ferry them to Brindisi, on the other side of the Adriatic.

Albania has been sliding into anarchy for two months, as a series of fraudulent pyramid investment schemes has collapsed and hundreds of thousands of ruined Albanians have held the government to blame. Weeks of unrest culminated in gun battles between demonstrators and Shik secret policemen in Vlorë over the weekend, followed by wholesale looting of army barracks and weapons deposits.

President Berisha announced the resignation of his government on Saturday and then imposed a state of emergency with the head of the secret police, Shik, Bashkim Gazidede, in charge of overall security. He blamed the crisis on Communists and foreign intelligence agents in an echo of the rhetoric of Enver Hoxha, Albania's long-time Stalinist dictator who was



Fading power: Demonstrators gathered at the Independence statue in Vlorë in anti-government protests, which take place morning and evening

Photograph: Sion Touhig/Sygnia

forever terrified of subversion from abroad.

Yesterday Mr Berisha added to the surreal echoes of the past by having himself re-elected president for another five years in a fake show of democratic endorsement in parliament. Only members of Mr Berisha's Democratic Party, which dominates the legislature following last May's rigged elections, took part in the vote. Party loyalists celebrated Mr Berisha's "victory" by firing rounds of automatic gunfire into the air outside the parliament building.

It is not clear how long the charade can continue. The armed forces are poorly equipped, largely with old Russian and Chinese hardware, and its naval and air bases are under the partial control of Nato. Last night rebels in the town of Saranderë, near the Greek border, were reported to have seized control of a warship and begun firing. Earlier, they beat up the mayor, Carajev Zera, and burned police vehicles abandoned by the security forces.

The international community, meanwhile, was consider-

ing ways of restraining Mr Berisha and bringing him back to the negotiating table with the opposition over the establishment of an all-party transitional government.

As reported in *The Independent* two weeks ago, Albania is a country propped up by the profits of organised crime, particularly arms and drugs smuggling. Intelligence services fear a protracted crisis could lead to a situation like Somalia, in which the country becomes prey to rival gangs fighting over the various lucrative rackets.

When *The Independent* branded the Albanian government a "gangster regime", there were widespread protests from businessmen and Albanian officials.

But it is increasingly evident that since 1991, when Communist rule collapsed, the police and army have been thoroughly tainted by the rackets and the judiciary has been purged of all independent voice. It will be almost impossible for any government to reassert control over a resolute, angry population that is now armed to the teeth.

Downing Street defends Major over cash donation charge

Anthony Bevins and Donald Macintyre

Downing Street yesterday made a rare - and improper - political intervention to defend John Major's role in raising a cash donation of £500,000 for the Conservative Party.

The allegation was levelled by Lord McAlpine of West Green, the former Tory treasurer, who says in his latest book, *Once a Jolly Beggar*, that it was the highlight of his career as a fund-raiser and came a year after he had given up the job.

The delivery of the issue was underlined by Labour's deputy leader, John Prescott, who wrote to Mr Major about his alleged involvement in raising party funds from foreigners. In an interview with the *Inde-*

pendent, Lord McAlpine said Tony Blair had demonstrated leadership quality, but Mr Major had "shattered" his party.

"Has his leadership been a triumph? I think his self-evident leadership has been shattered beyond imagination." While saying Mr Major was a good negotiator, he added: "I think in truth good negotiators don't make good prime ministers, because being prime minister isn't about negotiation, it's about leadership."

He also said he now favoured public disclosure of big donations. "If you ask me if I think that sums of £10,000 or £15,000 or £20,000 should be private, then the answer's 'yes'. If you ask me whether a sum of £5m should be private, then the answer's definitely 'no'."

"I think it is self-evident: The Tory Party has been shattered beyond imagination"

Donald Macintyre talks to Lord McAlpine of West Green, page 12

In his book Lord McAlpine said that in 1991 he was asked to meet Mr Major at his Commons office, where he had been asked to "help them out" by approaching a generous donor, identified in yesterday's *Scottish* extract from the book as John Latsis, a Greek shipping magnate, who gave Lord McAlpine a bearer's bond - a cash equivalent - for £500,000.

Lord McAlpine did not look at the bond, put it in his pocket and went out to dinner. Next morning, as he walked across Hyde Park to go to party headquarters in Westminster, he took out the bond, saw the sum and "caught a taxi. He said: 'From this episode, there is no doubt John Major as Prime Minister has played a greater part in the acquiring of donations than is good for either him or the party itself.'"

Since then Mr Major has distanced himself from fund-raising, but Mr Prescott said in his letter: "The country needs to know if it is true that you asked Lord McAlpine to solicit a donation from John Latsis... We need to know how many other foreign businessmen have been approached for donations to the

Conservative Party at your insistence. And we must be assured that no hint has been given that policy might be affected by such donations."

Earlier, a Downing Street spokesman said he did not know if Lord McAlpine's allegations were true but insisted Mr Major had been "absolutely scrupulous". It is most unusual for the prime minister's office to get involved in party-political issues, and talk about Mr Major's activities as leader of the Conservative Party, but the spokesman said: "It is the Prime Minister who has set down that there will be no question of any fund-raising taking place in Downing Street. The Prime Minister completely divorced himself from fund-raising activities..."

QUICKLY

Straw under fire

Jack Straw, Labour's home affairs spokesman, faced fresh criticism from penal groups yesterday as he urged the scrapping of the presumption against the criminal responsibility of children aged 10 to 15. Page 7

Leading article, page 11

Pakistan rail crash

Rescue workers used blow-torches to tear through the twisted wreckage in an attempt to rescue trapped passengers from a train that jumped its tracks in eastern Punjab province, Pakistan, yesterday, killing at least 125 people and injuring another 175. Page 9

Oklahoma court row

A lawyer representing Timothy McVeigh, defendant in the Oklahoma bombing case, yesterday denounced the *Dallas Morning News* for printing a story based on notes of a defence team meeting which, he said, prejudiced the rights of both his client and the bombing victims. The newspaper undertook not to publish further excerpts. Page 9

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news

significant events

Dorrell throws his weight behind Broadmoor review

An immediate review of Broadmoor special hospital, in Berkshire, where some of the country's most dangerous criminals are held and said to be at "breaking point", must be taken by the end of the month the Secretary of State for Health said yesterday.

Earlier, Stephen Dorrell warned that "fashionable ideas" and "misguided liberalism" should not be allowed to compromise security in the hospital whose most famous inmate is Peter Sutcliffe, the Yorkshire Ripper.

The Patients' Council at Broadmoor, which deals with conditions and complaints against the staff, was suspended for two weeks until last Thursday following the discovery of pornographic videos in the possession of a member of the council, who had tried to prevent his room being searched. The decision to hold a review comes in the wake of criticism of security and staffing levels at Broadmoor by the Prison Officers' Association, which warned in a recent report that the hospital was reaching "breaking point".

Glenda Cooper

No terrorist link to gun cache

A cache of weapons and ammunition found in an abandoned car is not linked to terrorism but destined for the criminal community, detectives said yesterday. The 42 guns, including four machine pistols, were found after bomb-disposal experts carried out a controlled explosion on an Austin Metro, registration number B439 LSG, on Saturday. The police were alerted to the vehicle by the staff of the Tollgate Motel in Gravesend, Kent, where it had been parked for several days. Yesterday, officers appealed for information from anyone who may have seen the car or knows anyone who bought it recently.

Steve Boggan

Legal aid crackdown announced



A further "crackdown" on abuses of the civil legal-aid scheme - this time concerning "over-optimistic" barristers' opinions - was set in train yesterday by Gary Streeter, the Parliamentary Secretary to the Lord Chancellor's department. "We shall review the use made by the Legal Aid Board of barristers' opinions," Mr Streeter told MPs, adding that over-optimistic opinions lead "to legal aid being granted when it should not."

Streeter said changes already introduced to weed out bogus claims, stop legal aid for the apparently wealthy and reform the way lawyers were paid had brought savings.

Patricia Wynn Davies

E.coli breaks out in the Borders

Health chiefs in the Scottish Borders were last night continuing investigations into two separate *E. coli* 0157 outbreaks.

In the village of Robertson, seven people are infected in a scare linked to a Burns Supper. In Hawick, two confirmed cases and one unconfirmed have been reported over the weekend in a new outbreak. Borders Health Board said the three people affected bought cooked meat from W&J Hutton in Hawick.

This is the latest spread to hit Scotland, where 18 pensioners died in a recent *E. coli* 0157 outbreak which started in Lanarkshire. Two elderly women also died during a scare in Arbroath last month.

Glenda Cooper

Swampy free and unrepentant

Swampy, the roads protester, was defiant yesterday when he escaped with a conditional discharge for his week-long tunnel protest against work on the A30 near Fairmile, in Devon.

Charged under his real name of Daniel Hooper, Swampy was one of 12 accused of resisting the bailiffs during the Fairmile protest five weeks ago. The 23-year-old protester is now living in another tunnel in the path of the second runway at Manchester Airport. He said after the case: "I think the sentence was a bit of a laugh... I was sent £100 for a fine but now I will spend it on the Manchester Airport campaign. I think I will buy a new drill."

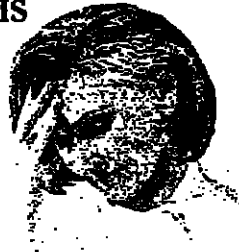
No verdict in match-fixing case

The jury hearing match-fixing allegations against three soccer stars was last night sent home after failing to reach verdicts.

Former Liverpool and Southampton goalkeeper Bruce Grobbelaar, 39, the former Aston Villa and Wimbledon striker John Fashanu, 34, the former Wimbledon keeper Hans Segers, 35, and Malaysian businessman Heng Swan Lim, 31, deny conspiring to give and accept corrupt payments to influence or attempt to influence the outcome of football matches. The case continues.

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Saddam Hussein: The accusation of incompetence was especially irksome to the President

The world's favourite villain in mother of all libel battles

At first glance, it would not appear to be a court action with great prospects of success. Saddam Hussein, the world's favourite stage villain, the man responsible for more acres of unfavourable ink than anyone else alive, brought a libel action in the French courts yesterday.

The Iraqi President, once described by President Bush as "worse than Hitler", took exception to an article last September in the French magazine *Le Nouvel Observateur*. Saddam's lawyer says the "villain" especially angry at being called a "perfect crook" and a "henchman", which translates as "noodle". He was also irritated at being described as an "executioner", an "assassin", a "tyrant" and a "monster". But it was the magazine's suggestion that he was stupid and incompetent, based on information supplied by other Arab leaders, which most annoyed him.

Saddam's lawyer, Patrick Brunot, said he was ready to call a string of character witnesses on his client's behalf. These would include the former French foreign minister and EU commissioner, Claude Cheysson. After a preliminary hearing, the 17th chamber of the Tribunal Correctionnel said it would decide whether to accept the case on 1 April.

Lawyers for the magazine asked for the action to be dismissed on the basis of a clause in the French

defamation law of 1881, which allows journalists to criticise freely the political record of politicians. Under a different French law Saddam might have been able to sue the magazine for being "offensive to a head of state". This avenue is denied to him because France has no diplomatic relations with Iraq. Saddam is therefore bringing the action as an ordinary citizen.

Saddam's motives for bringing the case are unclear, although the £300,000 (£23,000) claimed was probably come in useful. It seems unlikely that he would attempt a similar legal action in the US or Britain. The *Independent* published extracts from the offending article, as did newspapers in several other countries. The French press speculated yesterday that the magazine felt obliged to defend his reputation in France, because it is the one western country which has been mildly sympathetic to him (and anxious to rebuild its commercial contacts with Iraq) since the 1990 Gulf war.

Le Nouvel Observateur, its managing director, Claude Perdriel, and its editor, Jean Daniel (also the author of the article) have pledged to contest the action vigorously if the court allows it to go ahead. Mr Daniel said he would use full-scale court hearings to relate in full Saddam's responsibility for the gassing of Kurdish villagers and the huge death toll in the Iran-Iraq war.

John Lichfield, Paris

Vatican extends a cool hand to Irish President

A diplomatic spat has erupted over claims that the Vatican has snubbed the Irish President, Mary Robinson (right), by deciding not to confer any decoration on her when she visits the Pope this weekend.

The report, carried in the *Irish Independent* newspaper yesterday, was denied by Catholic Church sources in Dublin. A Church statement yesterday saying it was never policy to confer visiting heads of state with honours during private visits.

Mrs Robinson's predecessor as Irish President, Patrick Hillery, was photographed being presented with an honour during his visit to the Vatican in April 1989.

The President's itinerary for her official visit to Italy listed the visit to the Vatican among her formal engagements during the four-day trip, which raised the question of whether the Holy See has now downgraded her meeting with the Pope. Her four-day Italian visit will also include dinner with President Scalfaro, and an address to the UN Food and Agriculture Organisation.

The *Irish Independent* quoted sources in Rome as saying that "because of the President's known liberalism as a lawyer, particularly in taking on causes that confronted traditional Catholic Church teaching, she had identified herself with the secular



standpoint." This referred to her role in campaigns for lifting the ban on contraception and the right to seek and provide information on abortion, a battle which went to the European courts and was finally resolved by a 1992 referendum in favour of Mrs Robinson's liberal camp after she had become head of state.

Diplomatic sources in Dublin stressed President Hillery's 1989 trip had been an official visit to the Vatican. An Irish diplomatic source told *The Independent*: Mrs Robinson "is not on an official visit to the Vatican. She is on an official visit to Rome, to the FAO. Mr Hillery was on an official state visit to the Vatican," - which seemed to support the Church account.

Alan Murdoch, Dublin

Chef challenges men-only marines

A 31-year-old former Army chef yesterday became the first woman to challenge the Royal Marines' men-only recruitment policy. Angela Sirdar, 31, from Norwich, claims the Marine corps was guilty of sex discrimination when it prevented her from applying for a job as a chef. Yesterday she launched a bid for compensation against the Ministry of Defence at an industrial tribunal in Norwich.

Mrs Sirdar, 31, whose husband, Eugene, is an ex-Marine, was made redundant from her job as an Army chef with 29 Commando, based at Plymouth, in early 1995. The Marines then invited a large number of redundant Army chefs to apply for a transfer.

But Mrs Sirdar, who has a five-year-old daughter, Jasmin, claims she was told that she could not apply to switch to the Marines because she was a woman. She was told that the reason for the Marines' men-only policy was that all people serving in the Marines had to be capable of fighting in a war. Women were only allowed to join the Marines as musicians, who would provide stretcher-bearing or guard duties in time of war.

Mrs Sirdar, whose claim is backed by the Equal Opportunities Commission, is fighting her case on the grounds that the Marines do not operate the policy on a day-to-day basis. She says there are chefs serving who are not capable or required to be fighting soldiers.

I spied for Russia, CIA chief tells court

The latest tawdry sub-chapter in the history of American espionage closed yesterday as Harold Nicholson, the highest ranking CIA officer ever to have worked for Russia, uttered a simple, "Guilty, your honour," to charges he had sold US secrets to Moscow.

Dressed in a khaki jumpsuit, the man who had served as a top CIA station officer in Tokyo, Bangkok, Manila and Bucharest was in the federal courtroom in Alexandria, Virginia, for just 14 minutes. Despite the plea bargain, which allows the US authorities to keep sensitive intelligence data from being aired at a public trial, Nicholson still faces a jail term of between 20 years and life. He will be sentenced on 5 June.

Mr Nicholson's deal with prosecutors comes just three days after a similar plea bargain by James Earl Pitts, a former FBI supervisor who admitted he had

worked for the KGB and its successors since 1967. Despite his rank, in terms of damage inflicted the 46-year-old Nicholson does not remotely approach Aldrich Ames, the super-mole arrested in 1994 after being paid \$2.9m by the KGB during a nine-year spying career that devastated the CIA's operations against the former Soviet Union, and cost the lives of at least 10 Russians who worked for the US.

Mr Nicholson was paid over \$180,000 for two years of spying between 1964 and 1968, when he worked as a teacher at the CIA's training centre in Virginia. He is said to have handed the Russians the names of his recruits. He was arrested as he was about to board a flight to Switzerland with documents allegedly destined for the Russians.

Rupert Cornwell, Washington

briefing

MEDICINE

Doctors and patients must forge therapeutic alliance

Doctors have got to start treating patients as equals if they want them to take their medicine, says a report published today. As many as half of all patients with serious chronic illnesses do not take their medication, with one in five kidney transplant patients, for example, not taking their anti-rejection drugs.

A joint working party, set up by The Royal Pharmaceutical Society of Great Britain and Merck Sharp and Dohme Ltd, today proposes an entirely new approach to the problem, whereby doctors and patients would "negotiate" with each other and forge a "therapeutic alliance". The patient should no longer be seen as the passive recipient of the doctor's advice.

The working party's research shows that patients fail to take their medicine for a variety of reasons, including physical and practical difficulties, such as problems in opening poorly designed containers or in remembering to take a number of different tablets at particular times of day. But the most powerful influences are the beliefs that they hold about their medication, such as the fear that they might become addicted, and these beliefs are firmly rooted in personal, family and cultural experiences, the report says.

From *Compliance to Concordance*, free from the Royal Pharmaceutical Society of Great Britain, 1 Lambeth High Street, London SE1 7LN.

Annabel Ferriman

COMMERCE

Firms out of step with management

Men and women in management are becoming more equal, and the real gap is between managers, companies and the way their organisations operate, a survey claimed yesterday.

The Institute of Management said its survey of 1,800 people showed that companies were generally "out of step" with their managers. Only 15 per cent of those surveyed said their firms encouraged staff participation, while one in three complained that their organisation was too bureaucratic.

The survey showed that 80 per cent of managers believed they received equal treatment regardless of their sex and the "old boy network" was less of a barrier to promotion for women than in the past. A spokeswoman for the Institute said it was "pleasantly surprised" at the apparent equality between men and women managers in the workplace.

Michael Streeter



BROADCASTING

Dunblane fails to curb TV violence

Television viewers saw more than 1,000 shootings in fewer than 250 of the most violent films broadcast last year, despite the national mood of shock following the Dunblane tragedy, the National Viewers' and Listeners' Association said yesterday. While gun ownership sparked a political and social debate, it did not affect the bullets flying on the four main channels, said the association's annual report on television violence.

The report asserts that guns featured, on average, four times per film, among the 246 analysed. Most of the films were shown after the 9pm watershed and some were postponed because of the Scottish school tragedy in which 16 children died.

The most shocking scenes, were said to have included a gunman killing up to 40 people in the film *Django Kill* and a particularly brutal stabbing in David Lynch's *Wild at Heart*.

SOCIETY

Quarter of workers on poverty pay

One in four workers are on poverty pay levels of less than £4 an hour, according to a report published by the TUC yesterday to highlight wage "exploitation". More than 5 million people are on less than £4 while more than 1 million earn below £2.50 an hour, according to the report, aimed at making low pay an election issue.

Low-paid workers were urged to question their local parliamentary candidates on whether they backed a national minimum wage, which Labour is planning to introduce if it wins the election. The party will set up a low pay commission made up of employers and unions to fix a statutory minimum rate.

The TUC said some of the lowest paid workers also had the worst employment conditions with no extra money for additional skills or taking on more responsibility.

The TUC report said 20 per cent of full-time workers in Britain earned less than two-thirds of median wages, compared with 13 per cent in Germany, France and Italy and 5 per cent in Sweden.

NATURE

Otters spread throughout Scotland

Otters roam through central Glasgow and have returned to almost all of Scotland, a survey has found. The fish-eating mammal's population north of the border may now be over 10,000. Rosemary and Jim Green, who have carried out two previous Scottish otter surveys over the past 20 years, checked more than 3,000 riverbank sites throughout the country looking for otter droppings or "spraints".

Their latest survey, which took four years and was financed by the Vincent Wildlife Trust, found that only 2 per cent of Scotland's area was now uncolonised. Even while it was underway otters returned to occupy the entire length of the Water of Leith, the river which flows through Edinburgh.

While otters through most of Britain were wiped out mainly by pesticides and other water pollution they held out strongly in the north of Scotland. Now they have come back to much of the central belt between Edinburgh and Glasgow, and only small areas of the most densely populated (by humans) and polluted parts of Scotland now have none.

Nicholas Schoon

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هكذا من الأصل

Coup de théâtre as foes across footlights do a swap

THE DIRECTORS



Steven Berkoff: When you let loose some pathetic out on his superior, he has the chance, the once-in-a-lifetime opportunity to vent the bitous frustration of his unmarked and undesired life.



Michael Bogdanov: I am often asked which critic I dislike the most. I don't hard pushed. There are many commanders.

Marianne Macdonald
Arts Correspondent

Directors and actors who have boiled with fury over lacerating reviews are to get their revenge. Four theatre critics have agreed to direct plays and see them assessed in print by their erstwhile victims.

This could mean payback time, judging by recent attacks on critics by directors. One of the most memorable was by Steven Berkoff last year. "Where on earth did you dig up that piece of desecrated back to spew off his frustration and venom from a life of miserable flops?" was merely the first line of a letter to the *Times Literary Supplement*.

Michael Bogdanov, artistic director of the English Shakespeare Company, lashed out at the *New Statesman* critics, who were guilty of "appalling lack of vision". One critic, not named, was "randomly influenced by who he's with, if he's eaten where he sits, whether it's raining or he's suffering from a cold ... [He] is vicious, vituperative, vitriolic, objectionable, abusive, arrogant, excretory, disgruntled, cavilling".


Despite the possibility that the likes of Bogdanov and Berkoff will seize the chance to get their own back, the national critics have agreed to direct plays for public consumption at Battersea Arts Centre, south-west London, to be staged for three weeks from 8 April. Nicholas de Jongh of the *London Evening Standard* will direct Anouilh's *The Traveller without Luggage*, the *Guardian*'s Michael Billington is to offer Plautus's *The Lover and Strindberg's The Stronger*, Jeremy

Kingston of the *Times* has chosen *Alberine in Five Times* by Tremblay and the freelance critic James Christopher has opted for a new play, Robert Young's *Shoe Shop of Desire*.


Mr de Jongh admitted in his paper yesterday: "Perhaps I, or all of us, will turn out to be whipping-boys and subjects for ex-coriating reviews which point out how unimaginative, incompetent and uninteresting we are as theatre directors. This may be entirely true. But perhaps the whole process may siphon off a little of the accumulated bile which is stored and festering in some thespian hearts."

Mr Billington denied taking part was an act of courage. "You say it's courageous, I think it would be timorous not to seize the opportunity if offered ... It would be very boring if it was

THE CRITICS



Nicholas de Jongh: This is no evening of cheap thrills or indeed of any thrills at all. *Studs*, presented by Dublin's Passion Machine Theatre, ... is so preposterously bad never lives down to its title ... A spectacularly boring play.



Michael Billington: We now have a ritual exhumation of Agatha Christie's *And Then There Were None* which ... it has acquired the dubious status of camp.

'There is a poison running through the parish'

Kate Watson-Smyth

It began as a simple personality clash, a mismatch of ecclesiastical minds. By yesterday the parish of King's Norton in Birmingham was the scene of open rancour, amid mutterings of racism and sexism, and a decidedly un-Christian spirit of ill will.

The ill will is levelled at the Rev Eve Pitts, a black woman priest who refused to resign after complaining about a male colleague. The Rev Martin Leigh, the colleague concerned, had retired to his sick-bed suffering from stress. Sides have been taken: several lifelong friends are no longer on speaking terms.

Mrs Pitts, 46, who was ordained Britain's first black female vicar, claimed during a church service that



At odds: The Bishop of Birmingham, the Rt Rev Mark Santer, and the Rev Eve Pitts. Photographs: Newsteam/Photomontage: Jonathan Arntsen

Mr Leigh, the senior cleric, was using her "as a doormat" and treating her more like a curate than a vicar.

As a result Mrs Pitts, who together with Mr Leigh is part of a team of five Anglican priests in the parish of 30,000 people, was asked to resign by the Bishop of Birmingham, the Rt Rev Mark Santer.

She refused point blank and Mr Leigh, overcome with the stress of the situation, took to his sick-bed, where he has remained for the past two months.

The acting Rector at St Nicholas's Church, the Rev Roger Bristolow, said his colleague had been off work since January.

"The rector is suffering from a nervous breakdown as a result of the stress this has caused. He has been suffering from illness for some time," he said.

Yesterday the diocesan Archbishop, the Venerable John Duncan, weighed into the row, saying the situation in the parish had become intolerable.

"There is a poison running through the parish and there are divisions in the parish," he said solemnly.

"Some are on one side and some are on the other and it is not an exaggeration to say that lifelong friends have broken up over this."

And he added that he "absolutely rejected" reports of a racial motive behind the row.

But the Rev Theo Samuel, of the Association of Black Clergy who has taken up Mrs Pitts's case, said she was clearly the victim of both racism and sexism.

"It is blatantly clear that she has been victimised by the hierarchy," he thundered from his church in West Drayton, west London.

"They say that relationships with-

in the parish have broken down and then come to the conclusion that the reason is Eve Pitts. The assumption is that a black person, and a woman at that, doesn't fit in so she must be to blame.

"We are nearly in the 21st century, not the 19th where obedience meant total submission. We will not think of obedience as acting like slaves, we are thinking people."

"Our association works its guts out to get black people to join the Church of England and our job is going to be that much more difficult with this kind of attitude."

Mr Samuel said Mrs Pitts had been summoned to the bishop's residence on 23 December last year

where she was presented with a typed letter of resignation ready for her to sign.

"She went along thinking she would be offered pastoral support but instead she found a pre-typed letter of resignation, purporting to be from her and she had force put upon her to sign it."

He said that Mrs Pitts had only spoken out about the attitude against her when it had become too much.

Mr Samuel revealed that feelings on the dispute were now running so high that even he had been on the receiving end of threats.

"A telephone call threatened me that if I continued on this particu-

Tango advert is flavour of the year

Marianne Macdonald

The blackcurrant Tango advertisement was the best commercial made last year, according to the Creative Circle awards revealed last night.

It shows Roy Gardner, a sober-suited "spokesman" for the fizzy drink, reading out a letter from a French foreign exchange student, Sebastian, which says blackcurrant is not one of his favourite flavours.

Mounting chauvinist hysteria takes over as he marches irately through the office joined by a bearded nerd who has spent three years developing the drink.

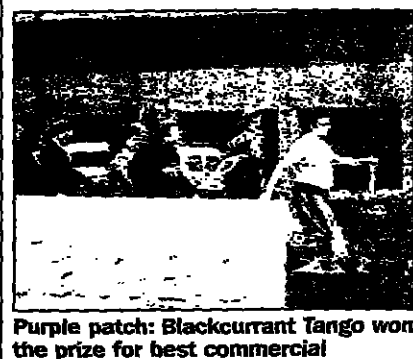
Roy and the nerd leave the building and as they do so Roy strips off his suit to reveal a pair of purple boxing shorts. Then he marches on to a battlefield joined by hordes bearing blackcurrant banners. Finally Roy gets into a blackcurrant boxer's gown as he strides towards a boxing-ring which, as the camera pulls away, appears to be at the edge of the white cliffs of Dover. "Come on Sebastian, come on France," he shouts.

The commercial, which was honoured in the platinum section, also won the gold award for best use of humour, as did its sister advert for apple Tango. Both advertisements are by the advertising agency Howell Henry Chaldecott Lury for Britvic.

The Ministry of Sound's Use Your Vote advertisements by BMP DDB took gold awards for the best use of production budget under £40,000, best idea in 60 seconds or over, and best campaign or series.

The best poster was named as TBWA's Pretty Polly hold-ups commercial by Trevor Beattie, which showed a pair of impossibly tall legs on a tall, thin poster which stretched high above the roadway.

Walter Thompson won the gold award for best innovative use of media for its campaign which apparently replaced bus tyres with Polo mints for the Polo strong product by Nestlé.



Purple patch: Blackcurrant Tango won the prize for best commercial

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politics

State sell-offs' knock-down prices cost £100m

Fran Abrams
Political Correspondent

A £100m "black hole" has opened up in the public finances after ministers allowed four flagship privatisations to go through at knock-down prices. Labour said last night.

The sales, all of which have taken place during the last year, were meant to raise almost £400m but were finally made for a total of £298m, according to figures obtained by the Shadow Chancellor of the Duchy of Lancaster, Derek Foster.

The least profitable of all was the sale of Her Majesty's Stationery Office, bought by Electra Fleming for £5.4m despite its £100m price tag. This sale has also attracted attention because two former cabinet ministers are

involved with the Electra Fleming - Tom King, former Secretary of State for Defence, is on the board of one of its two parent companies, the Electra Investment Trust, and Tim Renton, former chief whip, is consultant to the other, Robert Fleming Holdings.

The HMSO sale is now being investigated by the National Audit Office, as most large privatisations are. The other knock-down sales included the Atomic Energy Authority, which raised £210m when it was floated on the stock exchange last September despite expectations that it would sell for around £250m.

Chessington Computer Centre was sold to a management buy-out team for £11m despite a pre-sale price tag of £20m. The Paymaster Agency has been sold to an American computer company, EDS, for £23m, though the sale was expected to raise £25m.

This last privatisation has also attracted criticism because of its speed. Civil service unions have announced that they are planning a legal challenge to the sale of the Paymaster Agency on the grounds that attempts to push it through before the general election have left insufficient time for consultation.

Mr Foster said that had the extra £100m been raised it would have paid for 3,000 police officers, 5,000 nurses or a new hospital. He added: "As the election looms the Conservatives have adopted a car boot sale approach to valuable public assets - everything must go at a knock-down price, no questions asked."

The Queen invites Asians to the party

Colin Brown
Chief Political Correspondent

The Government yesterday announced that the Queen is to open Buckingham Palace Garden parties to more members of the British Asian community as part of the celebrations for the 50th anniversary of independence for India and Pakistan.

Lord Cranborne, the Leader of the House of Lords, who is in charge of the celebrations, announced that the year of events will start with a government banquet in Whitehall next Monday, and a fund will be started for a war memorial.

Lord Cranborne said the planned programme was a national, not a party political matter, and that Labour's National Heritage spokesman, Dr Jack Cunningham, had been fully briefed about the plans and had supported them.

But the Government's early start for the independence celebrations, which is officially marked in August, was seen at Westminster as part of the campaign to woo influential Asian voters in the run-up to the general election, highlighted yesterday in *The Independent*.

Tory constituencies: Batley and Spen (Elizabeth Peacock), Brentford and Isleworth (Nirj Deva) Edmonton (Ian Twinn), Hayes and Harlington (Terry Dicks), with the new seats Halesowen and Rowley Regis, and Oldham East and Saddleworth.

The group is planning to target Asian and Afro-Caribbean voters in each of the constituencies with pamphlets setting out pledges by each of the three main parties on immigration policy. They estimate that swings of only a few hundred voters in each of the seats could have an impact on the result.

Hales and Harlington, the seat held by Mr Dicks, an outspoken right-wing Tory MP, is second on Labour's hit list of winnable marginals. It is estimated that there is a majority of only 44 votes and a total 5,500 ethnic minority voters.

Lord Cranborne spoke of the contribution to Britain made by the Asian community, who own 65 per cent of all independent shops in this country. He said the Queen would be giving "particular prominence to British Asians at this year's garden parties".



Fishing for votes: The Chancellor of the Exchequer, Kenneth Clarke, holding a fish during a tour of Asian businesses in Bethnal Green, east London, yesterday. Joining him as he talked to the businessmen about economic conditions was Baljit Faruk (right), the constituency chairman for Bethnal Green and Bow.

ing India and Pakistan later in the year and the Royal Yacht *Briannia* will also pay a courtesy call.

Lord Cranborne, who is also the Lord Privy Seal, said: "I hope we can make this a very real contribution to harmony in this country, and a celebration which I think is well worth undertaking."

The announcement of the core programme of events planned in Britain follows a visit by the Prime Minister in January to India, Pakistan and Bangladesh.

An appeal fund is to be launched later this year - backed by the former Speaker of the Commons, Lord Weatherill, and Viscount Slim, who both served in the Indian Army - to raise money for a memorial in London to soldiers from the sub-continent who died in both world wars.

During the Second World War the Indian Army was composed entirely of volunteers. The wartime Indian Army was the largest volunteer force ever assembled, and its men won 31 Victoria Crosses and 4,800 awards for gallantry.

Labour plea for doorstep pinta

Fran Abrams

Doorstep deliveries of milk have dropped to less than half their 1982 level, Labour said yesterday as it launched a campaign to save the British daily pint.

Gavin Strang, the shadow Agriculture Minister, said only 39 per cent of households now had milk delivered every day, compared with 86 per cent in 1982. Sales were dropping at a rate of around five per cent per year, he said.

The National Dairywomen's Association and the National Pensioners' Convention have collected thousands of signatures for a petition against the decline, which was presented in the House of Commons last night. The Dairy Industry Federation has been working to identify ways of supporting the industry through improved marketing and information-gathering.

Mr Strang said that the decline had been accelerated by the deregulation of the milk industry in November 1994. Since then prices had gone up, he said, and a tax of £35 per year had been imposed on electric milk floats.

Labour also claims that the Government might put VAT on food if it won the election, raising the price of a pint of milk from around 38 pence to 44 pence.

Mr Strang said the party would argue for changes in the Common Agricultural Policy to allow more support for milk deliveries.

"The doorstep delivery service brings social and community benefits as well as bringing milk to the door. You can't trust the Tories with our daily pinta," he said.

Labour sticks with key seat strategy



John Prescott: 'Key seats strategy is working'

Anthony Bevins
Political Editor

Labour activists have been warned by John Prescott, the party's deputy leader, that they must "keep their eye on the ball" of an election strategy that could deliver Tony Blair a working Commons majority of about 65 seats.

The party's current "key seats strategy" is targeted on 90 marginal Tory constituencies that would fall to Labour on a swing of up to 8 per cent.

But the 17 per cent swing from the Tories to Labour in Wirral South has prompted

some constituencies to ask party headquarters to "lift their sights", giving special assistance to seats that would be vulnerable to a Labour landslide.

Firmly resisting that plea, Mr Prescott told a party meeting in Mansfield, Nottinghamshire, last weekend: "We must keep our eye on the main ball, keep the existing strategy, and keep working at it. The key-seats strategy is working. It worked well in Wirral South, and it will see us through."

A senior party source said yesterday that it had taken 18 months to build up the machinery in the 90 target seats.

with trained volunteers being drafted in from other constituencies, "switching" voters identified, and contact maintained with them.

On the "other side", it was said that the Conservatives were being handicapped by the fact that they had lost so many councillors over recent years, and that Tory MPs were so worried about protecting their own seats that they were unwilling to help their more marginal colleagues.

"The only thing they've got going for them is money, now thought to be about £40m. If they could buy victory, they would," the source said.

It is believed that the key-seats strategy was proved in Wirral South, although one Wirral source said during the campaign that Mr Blair's office had "wobbled" at one point. There was even a Westminster suggestion that Birkenhead MP Frank Field might be put in charge of the local campaign.

A party spokesman told *The Independent* yesterday: "There is some pressure for us to increase the target list, but we are going to stick to the existing strategy." However, he said it was always possible that other seats could fall to Labour during an election campaign, and

different "degrees of assistance" could be provided.

The spokesman said it was "preposterous" to think Labour was now heading for a national swing of 17 per cent, and that the party should dilute its efforts in the key seats - even by increasing its target to the 104 Tory seats that would fall on a swing of up to 9 per cent to Labour.

A special by-election effort had been put into Wirral South, and although polls suggested Labour would hold the seat in the general election, that did not mean other, equally "safe" Tory seats were now vulnerable to Labour.

The blurred thoughts of Mr Dorrell

Polly Toynbee
and Anthony Bevins

The Secretary of State for Health, Stephen Dorrell, said yesterday that his Sunday gaffe on the single currency had been the result of "cock-up", rather than conspiracy.

His statement that Britain would not join the single currency at the start of 1999, and that membership would not be possible, was in direct conflict with the agreed Cabinet line.

Following detailed negotiation, the Cabinet agreed on 23 January that participation in a single currency was highly unlikely but not impossible.

After he was forced to issue a complete retraction of his own words on Sunday, Mr Dorrell told *The Independent* yesterday: "I used the wrong form of words. My thought process was blurred at that particular moment."

"I had the Government line, the truth is I couldn't remember precisely what the formula was. And the formula was that there was an extremely small chance of us joining in, say, 1999. And I think the word I actually fumbled during the end was 'vanishingly small'. So, in the end, the difference was between vanishingly small and extremely small."

In fact, it was not until the third time of asking that Mr Dorrell spoke of the "vanishingly small" chance of British membership.

Many of Mr Dorrell's ministerial and backbench colleagues were incredulous yesterday that he could have made such a mistake, and there remained a suspicion that his formula must have been a deliberate attempt, either to enhance his chances in a leadership contest, or to blur the Government's line in the minds of the electorate.

When those two conspiracy theories were put to Mr Dorrell yesterday, he said: "It's the cock-up theory... I fumbled my way rather inelegantly to the words vanishingly small."



Dorrell: Not a conspiracy, just a simple 'cock-up'

The minister who had most reason to be distressed by the gaffe, Kenneth Clarke, Chancellor of the Exchequer, yesterday dismissed suggestions that the Government was changing its policy as "froth and nonsense".

He also rejected the notion that Mr Dorrell was bidding for the party leadership, by broadening his appeal to Conservative Euro-skeptics.

The Chancellor said: "If there is any colleague of mine behaving in that way they must have taken leave of their senses and they ought to be concentrating on getting this party back into office."

He said Mr Dorrell had telephoned him after the broadcast to warn him about the controversy which he had created.

"We had a very relaxed chat on the telephone," Mr Clarke said. "I cheered him up. He did not tell me he was going to issue a statement, but he has issued a statement saying that he was not changing the policy. That he was agreeing with Cabinet policy, which he quite obviously is."

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THEATRE TOKENS

Thousands told to boil water after sickness outbreak

Nicole Veash

Thousands of families were yesterday told to boil their water before using it after a warning that they risk sickness and severe diarrhoea.

The advice was issued by public health officials after 32 people became unwell due to a water-borne micro-organism, cryptosporidium, which causes serious and prolonged stomach upset.

Three Valleys Water, which serves Hertfordshire and north-west London, broadcast warnings to 300,000 families after samples of water were found to be carrying the germ.

Christine Murphy, of the Public Health Service Laboratory, said: "The number of people affected by this latest outbreak is fluctuating."

"We are advising worried families to boil their water for the next three days."

"We always expect to see between 4,000 to 5,000 cases each year but each outbreak is taken seriously."

Cryptosporidium causes diarrhoea which can last up to three weeks and is potentially

fatal for children or people with deficient immune systems.

The organism, which belongs to a group of protozoa and occurs naturally in farm animals, can be washed into the water supply from nearby agricultural land. It is usually spread through contaminated water or contact with an infected person, but unpasteurised milk and offal also carry risks.

A spokesman for Three Valleys Water said: "We are advising customers to boil their water as a precautionary measure and there will be a full investigation into this outbreak."

"Although there is no specific treatment for the illness, we are also advising sufferers to drink plenty of fluids to cleanse their system."

According to environmental specialists this latest outbreak is unusual because the water is from a ground source supply.

Philip Lightowler, of the Environmental Data Service Journal, said: "We usually see crypto in surface water supplies which have the most rigorous treatment checks."

"There is a possibility that this ground water, which is naturally



Photograph: John Voos

Liquid asset: Children unloading bottled water at the Buffer Bear nursery in Watford, one of the areas at risk from cryptosporidium

filtered through rocks, didn't undergo the same stringent tests, but we will have to wait for the investigation to see whether this is the case."

A spokesman for West Hert-

fordshire Health Authority said the outbreak had not reached epidemic levels. "But we are seeing about three times as many cases as we would normally expect this time of year."

"At the moment, no one is seriously ill or in hospital to our knowledge, but we are monitoring their progress closely."

In 1989 an outbreak of cryptosporidiosis in Humberside prompted a Department of the Environment recommendation for water companies to keep a close watch on heavy rainfalls and dumping. The report also suggested the privatised utilities

should monitor water treatment regularly. Despite increased water observation, there have been five serious outbreaks since 1992.

Catherine Comben, of the Drinking Water Inspectorate, said: "We will be carrying out a full investigation into this incident to see if the company could have done anything to prevent this latest outbreak."

Sex harassment 'rife in mental hospital wards'

Annabel Ferriman

Sexual harassment of female patients in mental hospitals is rife, according to a report by Mental Health Act Commissioners and the Sainsbury Centre for Mental Health.

The commissioners visited 309 acute psychiatric wards in 118 NHS Trusts in England and Wales - almost 50 per cent of all mental health in-patient services - one day last November.

In just over half the wards visited, it was discovered that women patients were being harassed by male patients. Problems included flashing, physical assaults and verbal harassment of vulnerable women.

The unannounced inspections were concerned with the numbers and qualifications of nursing staff, staff understanding of policy, procedures about leave for detained patients and the safety and privacy of women patients.

Commissioners discovered

that 32 detained patients were absent without leave and that many hospitals were having considerable difficulties in authorising such leave.

The total number of admitted patients was 6,361, a third of whom were detained under the Mental Health Act. Excluding those on overnight leave, there were 5,515 patients present on the wards: 2,743 men and 2,772 women.

Although the commissioners discovered that the wards were adequately staffed by trained and experienced nurses, a large proportion of nurses' time was taken up observing those at risk of harming themselves or others.

The report's most worrying conclusions, however, related to the safety and privacy of women. Just over half the wards identified problems of sexual harassment of women patients by male patients, including exploitation of vulnerable women, verbal harassment, watching or

following female patients, exposure by male patients and touching of women patients.

Over half the women had to share toilets with male patients or had to walk through or past areas for men to use baths, showers or toilets, and a small number of women (3 per cent) had to share sleeping areas with male patients.

Viscountess Runciman, chairwoman of the Mental Health Act Commission, said: "The picture is mixed but not unhelpful and the report will enable particular attention to be paid to that vital component of mental health services: the care and treatment in hospital of patients with severe mental illness."

Dr Mart Mulien, director of the Sainsbury Centre for Mental Health, said: "This report is a unique snapshot of national acute in-patient mental health services, and it provides useful information for managers to set targets for quality improvements."

Gene therapy offers hope for cystic fibrosis

Charles Arthur
Science Editor

British scientists have taken "an important step forward" by showing that cells in people with cystic fibrosis can be repaired by replacing faulty genes with working ones.

A clinical trial has now begun with more than 10 patients in London to try to introduce genes into cells in the lungs of patients, following the latest successes. In those, two clinical trials - one in Edinburgh and another in Oxford and Cambridge - showed that genes which correct the cause of cystic fibrosis can be delivered to cells in the nose lining by using fatty cells known as liposomes.

"We were looking for safety and the actual transfer of the genes," said Dr Martin Scott, of the Cystic Fibrosis Trust.

"Both studies have shown that this system is safe, and have produced weak signals that the gene instructions are being switched on."

He added that "things are on course, from the cystic fibrosis point of view" towards an eventual cure by gene therapy.

Cystic fibrosis, which causes

the body's glands to overproduce mucus, is the most common life-threatening inherited disease in the United Kingdom, affecting one in 2,500 babies. The single gene which causes it was identified in 1989.

The idea of replacing faulty genes with working ones has been held out as a hope for years to sufferers. But nobody was sure genes introduced into body cells would perform the function they were meant to.

The latest studies, published in the journal *Gene Therapy*, follow years of mixed fortunes for those trying to develop gene therapy cures for cystic fibrosis.

Britain's first gene therapy patient, Carly Todd, received genes intended to correct her cystic fibrosis in 1993. But a year after the operation doctors could find no traces of the new genes. She recently had a bone marrow transplant.

The author of work in Edinburgh, Professor David Porteous, of the MRC Human Genetics Unit and Edinburgh University, said: "There is a long way still to go before we have a cure for cystic fibrosis, but we are moving in the right direction."

Minister's vision for armchair revolution

It may not be warm beer and cycling spinners, but it is a vision of the future from John Major's government. In future, householders could apply for their car tax via their television sets, while pensioners would use post offices to check their income tax, and parents compare the performance of local schools via an information kiosk in their local shopping centre, writes Charles Arthur.

The hi-tech scenario would be part of an "armchair revolution", said Roger Freeman, the public services minister, as he announced the proposals to the House of Commons.

They form part of the new "government direct" initiative, shadowed by a Green Paper last year. It aims to make government services more flexible and responsive, while cutting costs for business and the public to deal with government.

But Derek Foster, for Labour, said Mr Freeman's statement bore "all the marks of a last-gasp technology gimmick by the party of the past", and he warned of a "dangerous split between the information haves and the information have-nots".

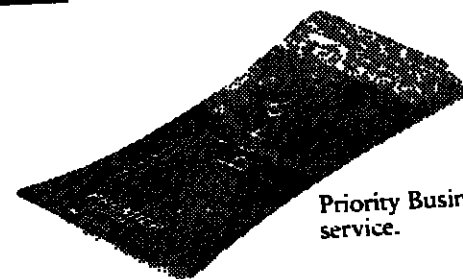
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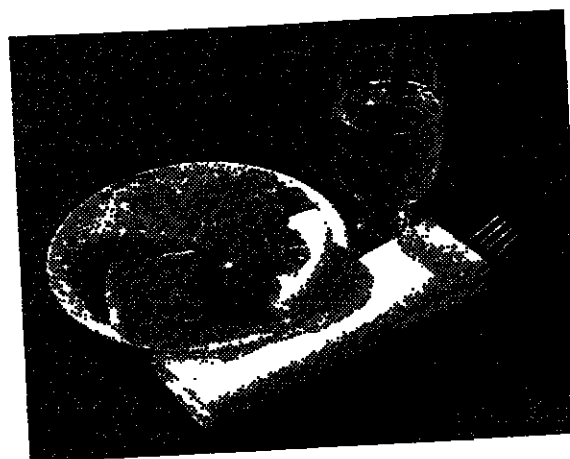
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A skier with altitude set to bag the big seven

Stephen Goodwin

Graham Austick, a 26-year-old from Northumberland, has set his sights on becoming the first person to ski from the summit of each of the seven continents.

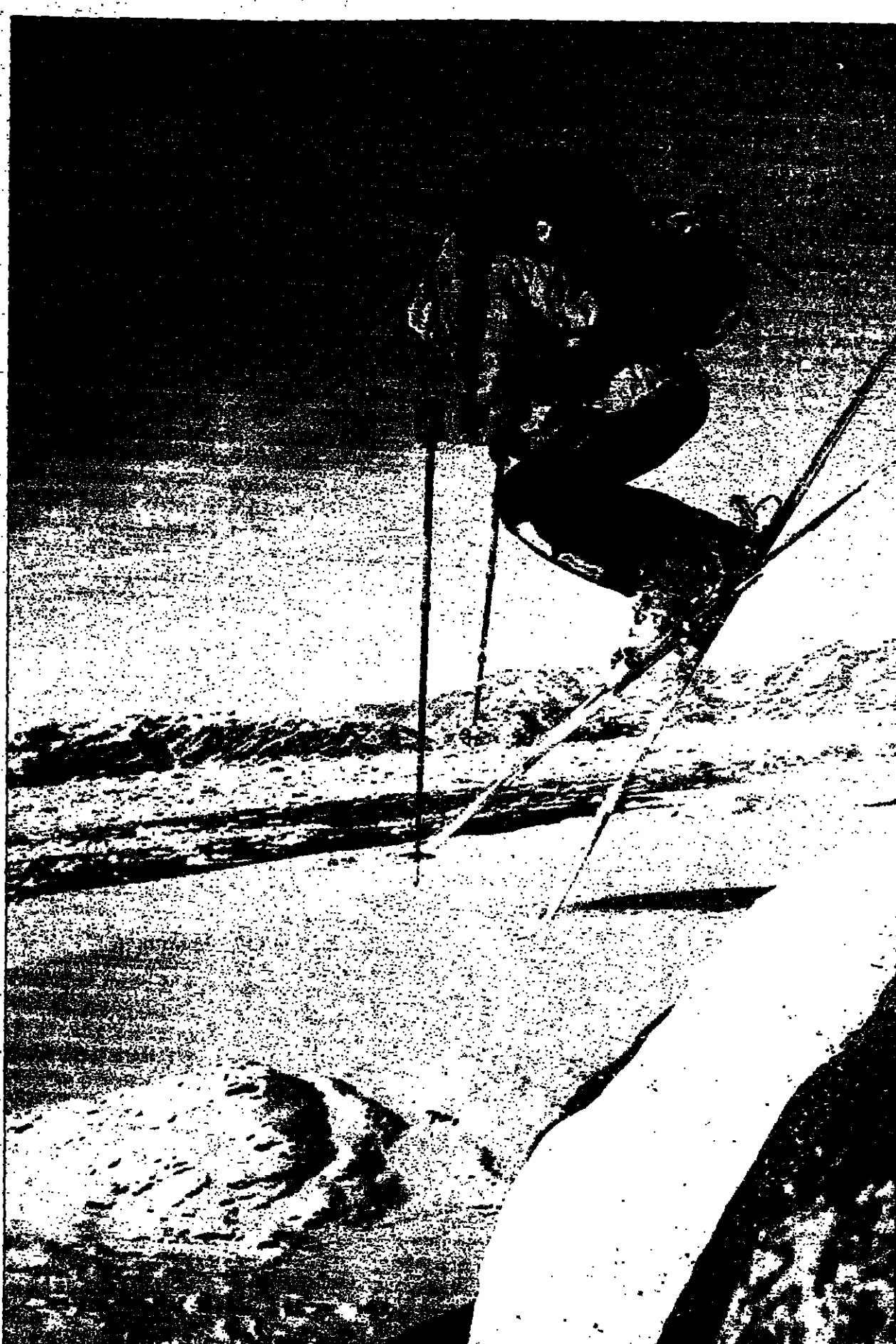
He hopes it will establish him as a professional ski mountaineer. Culminating at Everest in 2000, it should at least provide a wealth of film and lecture material. But Mr Austick is not solely motivated by commerce. "Obviously... I am trying to make a career. But it is an irresistible challenge and it is going to be lots of fun," he said. He will go with a Danish film team and his Austrian climbing partner, Lothar Brunner.

Ski-mountaineering is a hybrid of two activities. Ascending is made possible by "skins" on each ski to give uphill traction. Icy or rocky sections are climbed conventionally, with skis carried on the rucksack. At the high point the "skins" are removed and the thrill of skiing down begins, though tricky sections may have to be abseiled or down-climbed.

Mr Austick's first target, in May, is Mt Elbrus (5,642m), in the Russian Caucasus, regarded as Europe's highest peak. In November the team flies to Argentina to attempt Aconcagua (6,960m), where winds can reach 160mph and where temperatures can fall to -45°C.

The 1998 programme is Mt McKinley (6,194m), in Alaska, and Mt Kilimanjaro (5,895m), in Tanzania. In 1999 Austick will aim for Mt Vinson (4,897m), in Antarctica, and Mt Cook (3,754m), in New Zealand, though the Australasian target could shift to Indonesia.

Finally, in May 2000 comes Everest (8,848m), which has been skied before. In May last year Hans Kammerlander, from South Tyrol, reached the summit in a record 17-hour climb, alone and without oxygen. He skied down, removing his skis for a few small sections.



Peak practice: Graham Austick in action in Greenland above Sermlilik fjord. He hopes to become the first person to ski from the summit of the highest mountain on each continent, culminating with an attempt on Everest in 2000

Labour to lower age of children's criminality

Patricia Wynn Davies
Legal Affairs Editor

Jack Straw, Labour's home affairs spokesman, faced fresh criticism from penal groups yesterday as he urged the scrapping of the presumption against the criminal responsibility of children aged 10 to 13.

The call for an end to the medieval doctrine of *doli incapax*, which assumes the youngsters do not know right from wrong unless the prosecution proves otherwise, was one of six key policy points for juvenile crime spotlighted by Mr Straw in a pre-election visit to Newark in Nottinghamshire.

He claimed the doctrine defied common sense and made it "very difficult for youth courts to convict younger offenders and start the process of changing their offending behaviour."

"I propose to change the law so that the assumption will



Jack Straw: Change of law

be that if [a] 10- to 13-year-old commits a crime it will be assumed that they knew it was wrong," he said. "It would be open to the defence in a particular case to argue that the child did not know the difference between right and wrong, for example, if the child had serious learning handicaps."

Outlining the other five points, Mr Straw renewed

Labour's pledges to introduce parental responsibility orders, community safety injunctions backed by the threat of imprisonment, the replacement of repeated cautions with a single final warning, and to clarify the right of criminal courts to send a young offender to secure accommodation.

At the invitation of Fiona Jones, the prospective Labour parliamentary candidate for Newark, Mr Straw visited the village of Balderton, where villagers recently held a public meeting to demand action against three boys aged 10, 12 and 14 who had been terrorising residents.

Mr Straw appeared to have outdone Michael Howard, the Home Secretary, whose own Green Paper on youth crime is due today. Mr Howard dismissed Labour's plans to scrap the test for criminality, saying that youngsters could not use it to escape criminal responsibility altogether.

Mr Howard also highlighted yesterday's announcement of the signing of the contract for the first secure training centre, at Cookham Wood, Kent, with the Rebond/Larmac consortium. The secure training centre order is a new sentence for 12- to 14-year-old persistent offenders. "That was completely opposed by Labour when we took it through Parliament," Mr Howard said.

There was criticism from the Penal Affairs Consortium, an alliance of 33 penal organisations, of Labour's plans to scrap legal safeguards for child defendants.

Paul Cavadinio, the chairman, said: "We welcome Labour's proposals to provide greater education and support for parents and to reduce delays in the youth justice system."

"However, legal safeguards for children aged 10-13 should not be eroded. The *doli incapax* rule should not be abolished unless this is accompanied by a raising of this country's unusually low age of criminal responsibility..."

Leading article, page 11

Britain out of step on right and wrong

Jack Straw's proposal is another step in a trend of treating children in trouble the same as adults, in contrast to nearly a century of laws suggesting the reverse.

The current presumption is often rebutted, most notably in the case of the two 10-year-olds convicted of murdering the Liverpool toddler James Bulger in 1993, but also in scores of less serious cases in youth courts.

But the switching of the burden of proof from prosecution to defence would reinforce in the minds of sentences that children should be exposed to the full force of the criminal law at an earlier age - and much younger than in most comparable Western European countries. It would signal an end to the view that children should not be held as fully criminally responsible as adults, even though the civil law already provides for those out of control

to be made the subject of supervision or care orders, or secure accommodation orders.

The change would mean an end to the prosecution being required to produce something more than proof that an offence has been committed. In serious Crown Court cases before juries, this typically takes the form of testimony from child behavioural specialists and/or a child's teachers. In cases before magistrates, it will usually be evidence of the way the child responded to police questioning.

The proposal would put Britain out of line with other European Union countries. Germany treats 14- to 18-year-olds as juveniles, 18- to 21-year-olds as young adults. In France, 13- to 18-year-olds are juveniles and in Spain children under 16 are not criminally responsible.

Patricia Wynn Davies

Europe-wide unions come a step closer

Barrie Clement
Labour Editor

Pan-European trade unions came a step closer yesterday as a deal was struck between the biggest employees' organisations in Britain and Germany.

The GMB general union and the IG Chemie made an agreement that will give nearly two million workers in both countries dual membership.

Senior union leaders believe that the single European currency is inevitable, that wages and conditions will eventually be determined at single bargaining tables throughout the continent and that the future for workers now lies in international organisation.

The inter-union pact contrasts with the deep divisions over Europe in the Conservative Party, and could well fuel the fears over monetary union expressed by the Eurosceptics.

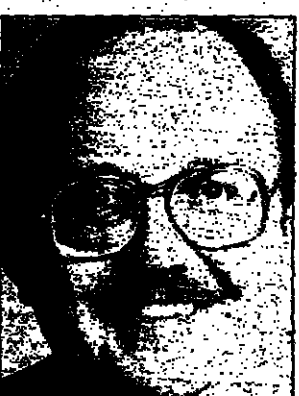
The union deal was signed yesterday simultaneously in London by John Edmonds, leader of the GMB and in Hanover by Hubertus Schmoldt, president of IG Chemie-Papier-Keramik.

The accord means that British workers employed in the process industry in Germany will have the protection of IG Chemie and vice-versa.

Mr Edmonds said that he would not rule out a "co-federal" relationship with the German union with the doors open for the creation of a single group to represent employees throughout the sector in Europe.

Mr Schmoldt said that the accord was the first his union had reached with any similar organisation in another European Union country. It was, however, a stimulus to start talks elsewhere.

The German union leader hoped that the link-up would mean increasing harmonisation between health and safety rules and the provisions for working hours in Germany and Britain.



John Edmonds: Keen to develop links abroad

Mr Edmonds said unions had to respond to the "Europeanisation" of companies. There had been co-operation between the GMB and IG Chemie for the last four years, now that was to be taken a step further.

"The long-term intention is to develop collective bargaining at European level. This is one stage in that direction," Mr Edmonds said. He stressed that unions were still a long way from that level of co-operation, but there was already substantial contact between European employees' representatives at the level of works' councils.

The GMB leader said his union was looking to tie up similar arrangements with at least one other union in continental Europe.

He said that both unions already participated in works' councils and there was a strong case for representatives from both to sit down and work out a common agenda before critical meetings.

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Privatised rail firms to shed over 1,000 jobs

Randeep Ramesh
Transport Correspondent

Two newly privatised rail firms will cut more than 1,000 jobs in the North-west, according to leaked documents.

Great Western Holdings, the new owners of Regional Railways North West, which runs trains on more than 1,100 miles of track, plan to cut 800 jobs, and the Liverpool-based bus company MTL, owners of Merseyrail Electric, will cut 355 posts, according to the pressure group Save Our Railways.

The group said it had obtained leaked documents giving details of the cuts, following a claim last week that MTL planned to lose 1,200 staff at Regional Railways North East within two years.

Staff were caught unaware. A Regional Railways North West spokesman said: "We know nothing about any job cuts. Indeed, Great Western Holdings have increased job levels on their Great Western line."

MTL said that it had not "ruled out the possibility" that

there might be job losses at the train companies it had taken over. "No specific figure has been discussed," said a spokesman.

Save Our Railways's national secretary, Keith Bill, said: "The truth about rail privatisation is now coming out. Thousands of staff will go, inevitably leading to a worse service for passengers."

The pressure group is keen to highlight the need for railway firms to cut spending. Most private companies bid aggressively for train firms and many have to cut costs while rapidly increasing the number of passengers carried.

Save Our Railways calculate that under British Rail the train companies employed more than 48,000 people. A 25 per cent cut in staff levels would mean more than 12,000 jobs will go.

Cost cutting has already affected passenger services. Last month, South West Trains, which is run by Stagecoach, the bus and rail giant, was forced to cancel peak-time services after staff reductions left the company short of experienced drivers.

DAILY POEM

Supplication

By AC Jacobs

Lord, from this city I was born in
I cry unto you whom I do not believe in:
(Spinoza and Freud among others saw to that)
Show me in this place in which I started
Where I have gone wrong.

Descend neither in Kirk nor synagogue
Nor university nor pub.

Bus on a handy summit like Ben Lomond
Make me a new Sinai, and please God
Can we have less of the thou-shalt-not?

AC Jacobs, who died in 1994, was born in Scotland, lived for a time in Jerusalem and Madrid, and was a distinguished translator of modern Hebrew verse as well as a poet in his own right. His *Collected Poems and Selected Translations* (Menard Press/Hearing Eye) have been shortlisted in the poetry section of the Jewish Quarterly Literary Prizes. To be awarded during Jewish Book Week on 13 March. The book, which includes critical essays on Jacobs's work, costs £13.99 from The Menard Press, 8 The Oaks, Woodside Avenue, London N12 8AR.



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international

Battle lines drawn over nuclear waste train

Imre Karacs
Dannenberg, Germany

Death in the shape of a 500-yard nuclear train was rolling towards Dannenberg last night, bringing destruction to this peaceful north German town.

"We shall not be moved" sang thousands of protesters occupying the road which links the end of the railway line to the nuclear storage site of Gorleben, 12 miles to the east.

For nearly a week environmentalists had been playing cat and mouse with police, erecting dummy barricades at one place, before vanishing into the forests only to appear at another crossroad.

The "train" - meandering course from southern Germany to the moorlands along the Elbe - had been shadowed by trouble.

Protesters clashed with police at several points along the

route, throwing stones, sabotaging railway lines and charging at the troops in battle formations.

The authorities were taking no chances. In a 40-mile radius around Dannenberg, the state was out in force. Police buses lurked in country lanes, helicopters hovered overhead and motorists were confronted with an unexpected traffic hazard: convoys of armoured personnel carriers (APCs) forcing their

way in from sideroads, evidently oblivious to the give-way signs.

The railway station at Dannenberg was ringed by police and border guards - some of the 30,000 hired as nuclear guards for the week. The resolve of the police had to be stiffened by the despatch of thousands of fellow officers from the east, perhaps considered to be better versed than their western colleagues in the art of wielding a truncheon.

The toughest units were charged with defending the railway station from hard-core militants. The two sides faced off against one another across the tracks. The police in riot gear shouted from behind a line of APCs while the anti-nuclear activists hid among their battered cars.

The law enforcers had slept in hotels, schools and gyms requisitioned by the authorities. The protesters had spent

the previous nights in tents.

But the battle was not entirely uneven - even if the activists were outnumbered three to one.

Local farmers joined the protest by blocking roads with their tractors, and the regional fire brigades refused to supply the water cannons with their ammunition.

The protesters knew the terrain better than their "foreign" opponents, and many had tak-

en the precaution to bring crash helmets to the encounter.

The conflict, they hope, will strangle the nuclear industry by closing the last outlet for its foul end product, which will remain lethal for centuries hence.

Apart from the escalating price of guarding the annual train journey, the social cost of nuclear power is also beginning to appear too high.

The issue has divided Ger-

mans along regional lines, pitting the prosperous South against the poorer North. The battle of Gorleben is also turning into a left versus right conflict, with a measurable electoral fallout.

"This shipment must be the last," declared Gerhard Glogowski, the Social Democrat Interior Minister of Lower Saxony - the Land now notorious for a blot on its map called Gorleben.

Peter the Great gets his last revenge on the city he loathed

There is one good thing, and only one good thing, to be said for visiting the landlords to haggle over a bill. They are based in an old mansion on the north bank of the Moscow river, overlooking an arc of water which holds much of the city's history within its embrace.

You can see the Kremlin, the Red October chocolate factory, the House on the Embankment (home of many of victims of the Terror), and the Cathedral of Christ the Saviour (now being rebuilt after Stalin razed it). The eye travels serenely across Time. Until it alights on the abomination.

As eyesores go, this new addition to the Moscow skyline ranks alongside the Elephant and Castle in London. A Russian friend recently rode past it in a bus. So struck were the passengers by the sight of this... this thing, that the entire bus burst out laughing. "We just couldn't believe what we were looking at."

It is not just that it is almost 200ft high, tall enough to justify an aircraft warning light, and depicts a muscle-bound man, eyes bulging with enthusiasm, standing astride the deck of a 17th century galleon. The other reason Muscovites burst into angry and astonished giggles - and, remember, Russian is not a country which takes laughter lightly - is because that same man represents Peter the Great.

Why, they legitimately ask, is an enormous statue being erected in Moscow to a tsar who disliked the place so much that he built a new capital in St Petersburg? More importantly, why are the authorities willing to spend a rumoured \$20m (£12.5m) on it, at a time when the economy is in ruins? Some of the funds came from the Russian navy, the same navy that is rusting at its moorings while unpaid sailors fight off starvation.

The answer, at least if you believe the city's mayor, Yuri Luzhkov, is that there was, literally, a monumental cock-up. Mr Luzhkov, 60, is a highly pop-

MOSCOW

ular and ambitious politician, who is showing all the symptoms of a man eyeing the presidency. But the Peter the Great affair is a blemish on his record.

It is hardly surprising, then, that he is distancing himself from the project. According to press reports, he now says that when the plans were put to him, he thought it was not 60 metres but seven metres high. He believed the monument, which marks the 300th anniversary of the fleet, was to have been modest structure, a blip rather than a blot on the landscape.

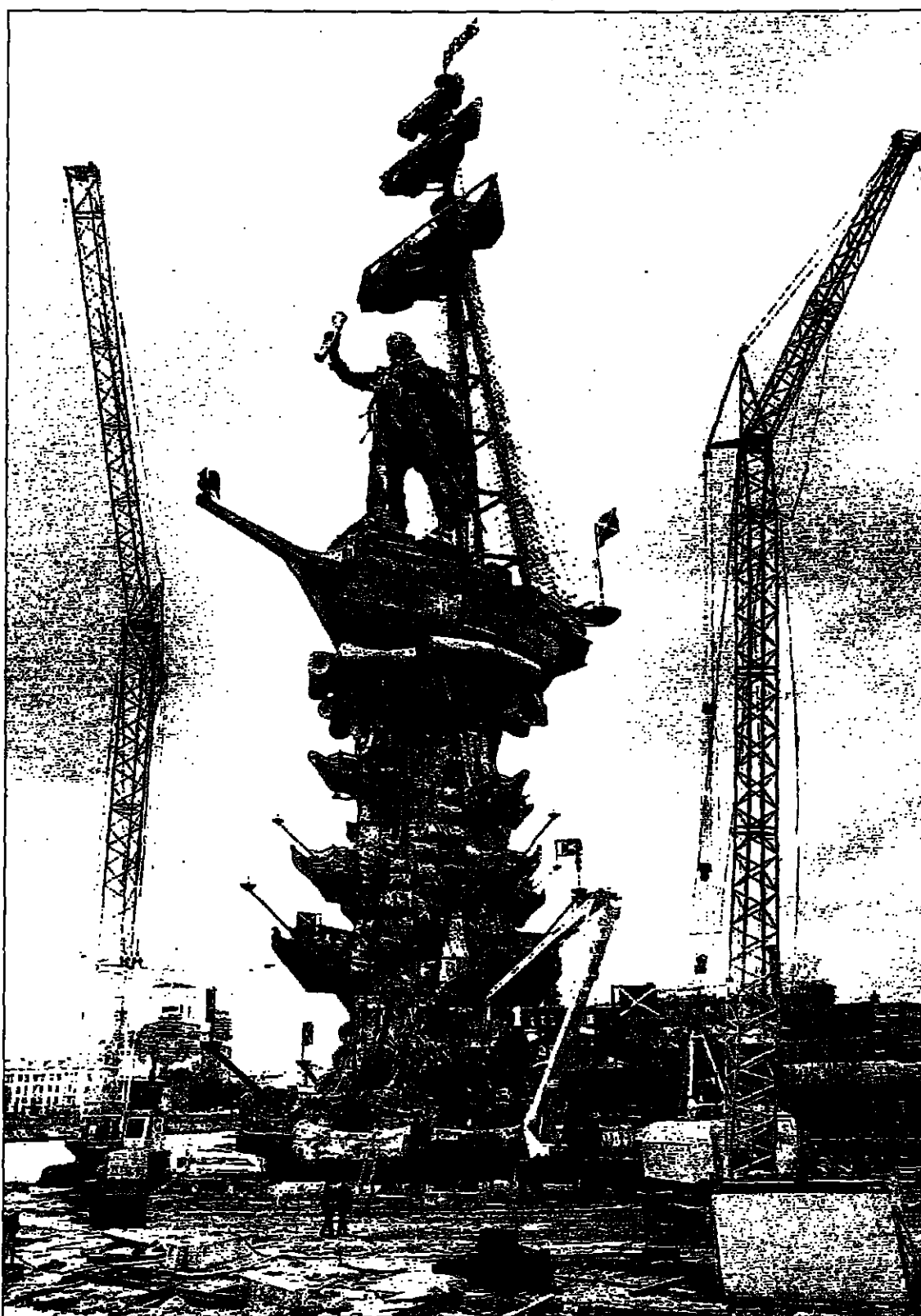
Exactly how the mayor or was so badly mistaken is a mystery (he is said to blame a former city architect). Certainly, the size of the monument has been known in the corridors of power for months.

Last September I went to a press conference by the city's chief architect, who described both its dimensions and contents. By then, work had begun, although few of Moscow's 10 million residents had been told

about the plan, and none had been given the chance to object. When we asked officials why it was approved by a committee, without public consultation, we were given a brief and alarming reply: "We don't discuss such projects with the public."

There is also a sub-plot to this affair, which has deepened emotions. The statue is the work of Zurab Tsereteli, a Georgian sculptor who earned a fortune feeding the appetite for monoliths during Soviet times, and has gone on cranking them out ever since.

Until now Mr Luzhkov has been his number one fan. But it is rapidly becoming apparent that his voters do not share his enthusiasm. Some have become so weary of Tsereteli works cropping up around the capital that they have organised a protest campaign. It



Mighty blunder: While sailors starve, \$20m is spent on a statue of Peter the Great Photograph: Edward Opp

has a site on the Internet where you can view a picture of the Peter the Great structure, and sign a petition.

Although the monument, which stands on a plinth in the Moscow River, is almost completed, such acts of resistance may not be too late. Last year the city bowed to public pressure and relocated a Tsereteli sculpture called

The Tragedy of the Peoples in Moscow's Victory Park, which commemorates the Second World War. Its theme - expressed by a line of starving, naked people - was deemed out of keeping with the mood of happy patriotism that should fill every Russian breast on visiting the park.

Will Peter suffer the same fate? Who

knows. Mr Luzhkov has set up a committee to decide what to do with him. The only positive aspect of this fiasco is the faint chance that next time the authorities will consult the public before arrogantly erecting monstrosities in their midst.

Phil Reeves

significant shorts

Nato prepares pact to reassure Ukraine

Nato is aiming to conclude a separate agreement with Ukraine, for endorsement at its Madrid summit, setting out relations between an enlarged alliance and the former Soviet republic, Michael Fortillo, the Defence Secretary, said yesterday. The mooted pact - part of a tapestry of moves to reassure East European countries which will not be in the first group of new Nato members in 1999 - is further evidence of how the negotiating emphasis is already shifting from expansion itself to its consequences for countries that will be excluded.

Separately, the alliance is seeking a beefed-up Atlantic Partnership Council to replace the Partnership for Peace initiative. This is designed to meet concerns of the three Baltic nations, which like Ukraine fear they will be left in a no-man's-land between an aggressive Russia and a Nato extended - in all probability - to the Czech Republic, Poland and Hungary. Rupert Cornwell - Washington

Iran quake death toll tops 900

The death toll from an earthquake in north-west Iran rose to 965 as rescue workers searched the mountainous region to assess damage from a second quake to hit the area in two days. The Interior Ministry's natural disasters headquarters reported 965 confirmed dead and more than 2,600 injured, the official Iranian news agency Irna reported from Ardabil, capital of the stricken province bordering Azerbaijan. Reuters - Tehran

Protest at Renault job losses

Renault workers and their supporters took to the streets of Brussels to protest against the French car-maker's decision to close a factory employing 3,100 people near the Belgian capital.

Meanwhile, officials said the Belgian government may soon take Renault to court for breaking labour laws with Thursday's sudden announcement that the factory at Vilvoorde will close in July. AP - Brussels

Tung's popularity increases

The popularity of Tung Chee-hwa, Hong Kong's chief executive-designate, has increased since the beginning of the year, according to a survey commissioned by the *South China Morning Post*. Nearly 50 per cent (48.1) of respondents based in the colony thought Mr Tung's popularity was on the rise, compared with 24.4 per cent who said it had declined since the beginning of the year.

Mr Tung's increased popularity was ascribed to his "appeal within the media", his perceived integrity and his "good relations with China". Jojo Moyes - Hong Kong

Fujimori in talks with Castro

President Alberto Fujimori of Peru flew to Cuba for talks with President Fidel Castro about asylum for the left-wing Tupac Amaru rebels who have held 72 hostages in Lima since December. AP - Havana

Bomb attack in Sri Lanka

A bomb exploded near a house in central Sri Lanka where President Chandrika Kumaratunga was visiting yesterday. She was not injured. Police said the bomb exploded prematurely, killing the man carrying it. Another person was injured. The bomb exploded at Nuwara Eliya, a resort town 100kms east of the capital, Colombo. AP - Colombo

Rifkind brings Paris students the gospel of Euro-scepticism

John Lichfield
Paris

The campaign by Malcolm Rifkind, the Foreign Secretary, to bring a mildly Euro-sceptic gospel to ordinary Europeans swept in and out of Paris yesterday. After a successful trip to Stockholm, and a difficult trip to Bonn, his handwagon was positively received in France.

The French Foreign Minister, Hervé de Charette, belatedly discovered he had two other engagements, but no one wanted to make too much of that. In any case, Mr Rifkind's mission is precisely NOT to talk to governments but to talk to people; to explain that Britain is not the anti-European ogre imagined

on the Continent; and to ask the people of Europe whether they really understand, and approve, of the federalising European policies espoused in their name.

He was given a reasonable hearing but two questions stood out: why had he waited until so late in the European argument; and why had he waited until most intelligent French people had discounted his government's chances of shaping that debate for much longer?

Mr Rifkind gave a policy speech last night to the principal French foreign-affairs think-tank, the Institut Français de Relations Internationales, in which he said Britain was against unthinking European "integration" but favoured

more and more co-operation. The symbolic centrepiece of the visit, however, was a question-and-answer session with students at the Institut d'Etudes Politiques, or Science-Po, the premier French college of political science.

Mr Rifkind put on a good show but several questioners could not resist teasing him. What would Britain's policy on Europe be in, say, three months? He took it all in good part and, like a good politician, repeated his core message in answer to every question.

The core message was this: Europe is not America; the US has a single national identity, language and culture which can sustain single, federal in-

stitutions; Europe does not. Europe has many different cultures and identities. We want to keep it that way. You cannot have cultural identity without self-government. Britain does not want to roll back the supra-national institutions and policies which exist in Europe.

But it does question whether other EU governments and peoples have thought through the federalising policies now on the table. If economic policy, immigration policy, justice policy are surrendered to Brussels, what will be left to national governments, which remain the only ones directly accountable to the people?

Mr Rifkind was heard politely and not often directly chal-

lenged. A sprinkling of British and German students in the audience asked the most aggressive questions. Was the EU shambles in Bosnia not an example of the price Europe was paying for not having a more federal foreign policy, one British student asked.

Several students, questioned afterwards, found the exercise refreshing. "He was very clear and quite persuasive," said David Michel, a third-year student. "I had not considered enough before this question of which policies should be European and which not." Was he pro-European? "Yes, that is, until I spent some time at the European Parliament. Now I'm more pragmatic."

Elizabeth Nash
Madrid

Spain's conservative government yesterday celebrated the anniversary of what it calls "the triumph", although the Popular Party's election victory a year ago fell short of the absolute majority it craved.

Forced into an alliance with Catalan nationalists, Jose Maria Aznar's government has none the less been a modest success, particularly over its key objective: preparing the Spanish economy for European monetary union.

The Catalans, sometimes tagged the "Germans of Spain" for their supposed dourness and efficiency, could hardly have been better partners for the task.

The drive towards monetary union had been passionately pursued by the Socialists under Felipe Gonzalez, and if Spain's criteria for membership are shaping up, much is due to Mr Aznar's predecessors. But as the 1999 deadline draws closer, it is understandable that Mr Aznar's government should claim all the credit.

Should Spain make it into the Maastricht corral, he may expect a conclusive electoral "triumph" next time round. Public opinion polls for the first time are putting Mr Aznar's government a whisker ahead of the Socialist opposition.



Aznar: Ahead by a whisker

Spain's big companies think the economy is on course, according to an investigation by Coopers and Lybrand for Sunday's *El Pais*, a newspaper not given to praising the ruling party's achievements.

More than 240 companies in Madrid, Catalonia and the Basque country are unanimous in their support for monetary union, and urgently require the government to reform the labour market, reduce public spending and simplify tax.

But unemployment remains at more than 21 per cent, twice the European average, and new jobs are mainly on short-term ("junk") contracts. Protracted negotiations between employers and unions over labour reform, in which the unions detect a "sackers' charter", are likely to hit a crunch point this week.

The Catalan leader, Jordi Pujol, offered at the weekend to mediate. The Labour minister, Javier Arenas, declined the offer, saying he preferred the social partners to settle without government involvement.

The dispute is over the employers' desire to hire and fire without restraint, and the unions' wish to protect workers' rights and transmute casual employment of youngsters into some form of apprenticeship.

No one has a solution to Spain's unemployment rate, but since it is not a criterion for monetary union, the government is under no pressure to take a more hands-on approach.

On the Maastricht criteria, however - the deficit, the debt, interest rates, inflation and the peseta - the government is clucking like a hen, tweaking here, hacking or snipping there, and exhorting further sacrifice. The figures, meanwhile, are creeping into line.

For 14 years, Spaniards had in Mr Gonzalez a prime minister who spoke like a human being, even though they didn't always believe him.

For the last year they have sat bemused before Mr Aznar and his ministers, who speak like robots and harry them with incomprehensible jargon. But if Spaniards sense things are going well, they will give him the benefit of the doubt. And Mr Aznar knows it.



Alain Ducasse: Superstar of French haute cuisine

Two-centre chef loses star billing

John Lichfield

His food may be superlative, but hubris has a habit of leaving a sour taste in the mouth. Put another way, no one takes the *Michelin Guide* for granted.

Reading between the lines, and the crossed forks and knives, this was the message of the 1997 edition of the gastronomic bible published yesterday. To the surprise of some, the guide denied an almost unheard-of six stars to Alain Ducasse, the acknowledged superstar of French haute cuisine.

Mr Ducasse had been ex-

pected by many food critics to retain the three stars he had earned for his Louis XV restaurant in Monaco and to win another three for his new 1,500 francs-a-head (£170) restaurant in Paris. The *Michelin Guide*, declining as ever to explain or justify its decisions, gave him three for Paris (the only new three-star restaurant of the year) but removed one star from Monaco.

A press release reminded chefs that they were "not the owners of their stars, even if they were double or triple". This was taken as a not entirely gentle put

down for a man accepted as the best chef of his generation. The guide was, in effect, saying: "We don't believe you can cook in two kitchens 500 miles apart." Apart from a brief period in the 1930s, no chef has ever possessed six Michelin stars: Mr Ducasse is the only chef in the world to have five.

This was small compensation for Mr Ducasse, a man with a profile in France equivalent to that of a film star or racing driver. He complained yesterday that Michelin's decision was a "total injustice", not just to him, but to his team at the Louis XV

which had, he said, maintained exactly the same standards as before.

The dozen of French food critics, Gilles Pudjowski, had forecast, however, that the *Michelin Guide* would not allow him to get away with it. "His Dr Jekyll and Mr Ducasse act does not fool me," he wrote. "He can't be a genius in two places at once."

In the 1997 guide, France has 18 three-star restaurants, 74 with two stars and 423 with one star - a slight reduction on 1996. For the first time, the *Guide* is on the World Wide Web (<http://www.michelin-travel.com>).

Oklahoma bombing trial compromised

Tim Cornwell
Los Angeles

The Dallas Morning News yesterday undertook not to publish further excerpts from notes of a meeting between Timothy McVeigh, accused of planting the Oklahoma City bomb in 1995, and his defence team.

But the newspaper stuck to its story, published one month before Mr McVeigh's trial, that he had made a detailed confession. In the court in Denver, Colorado, where Mr McVeigh faces the death penalty for the killing of 168 people in the bombing, lawyers for the Texas paper filed a statement saying it was sensitive to his "fair trial rights", and would publish no more of the leaked material.

Mr McVeigh's attorney, Stephen Jones, yesterday denounced the newspaper for printing an irresponsible story based on stolen documents which prejudiced the rights of both his client and the bombing victims. It was one of the "darkest days" for American journalism and the criminal justice system, he said.

He accused a reporter of rifling electronically through thousands of documents including Federal Bureau of Investigation interviews and sensitive defence conversations with former Central Intelligence Agency officers, foreign governments, and representatives of revolutionary armed groups around the world, including the provisional IRA. Mr Jones said he did not know how the defence would respond, but legal experts agreed that the damage was already done.

Published accounts of conversations between a lawyer and his accused client "undermines the whole purpose of having a trial", Christopher Mueller, a University of Colorado law professor, said. The Dallas Morning News published a story last weekend based on

notes taken by an unnamed "defence staffer" from interviews with Mr McVeigh in the six months after the bombing on 19 April 1995.

Mr McVeigh insisted that he alone drove the rented truck laden with explosives to the front of the building, it reported. He said he bought five tons of ammonium nitrate fertiliser for the homemade bomb and sold stolen firearms to pay for it, a confession which closely matches the government case against him. Perhaps most



McVeigh: Newspaper printed leaked conversations

damning, the "defence staffer" wrote of asking Mr McVeigh, a former soldier with far-right political beliefs, why he did not bomb the United States government building at night, to lessen casualties.

"Mr McVeigh looked directly into my eyes and told me: 'That would not have gotten the point across to the government. We needed a body count to make our point.' Most experts expected the trial to go ahead, even as they agreed that the chances of a fair trial had been severely compromised. 'Move the trial? Where?' asked former Colorado judge Jim Carrigan. 'Maybe. I think

You'd have to find someone living under a rock who doesn't know anything about this case."

Even by the free-for-all standards of US court reporting, the News' story pushed things to the limit. It appeared just as potential jurors in Colorado - where the case was moved in an attempt to find a more impartial jury - were returning questionnaires to the judge.

Before the criminal trial of OJ Simpson in Los Angeles, many newspapers reported an overheard conversation in a prison visiting room, in which Mr Simpson allegedly shouted to a friend that "I killed the bitch." In the gruesome saga of the killing of six-year-old beauty queen JonBenet Ramsey, a tabloid newspaper recently published crime-scene photographs of her body. But the publication of privileged lawyer-client conversations, with virtually no chance of their ever reaching the jury, in a capital case, appears unprecedented. "I don't think we should have a system that allows a newspaper to publish such material," Professor Mueller said. "This is not serving the public interest."

It is virtually impossible in the US, barring an immediate risk to national security, to obtain a "prior restraint" injunction to stop a newspaper printing. In any case, shortly after it contacted Mr Jones for comment, the News published its scoop electronically on the Internet, several hours before it went to press.

Mr McVeigh has pleaded not guilty, along with his alleged co-conspirator James Nichols, who is to be tried separately. Even in public interviews arranged by his defence, however, he has not directly denied the bombing. "The only way we can really answer that is by saying we are going to plead not guilty," he said in July 1995, after Newsweek magazine reporters had asked him "Did you do it?"



Rescue teams working among the wreckage of the passenger express in Punjab yesterday. With more than 50 of the injured in a critical condition, hospital officials said the death toll of Pakistan's worst train crash for seven years could rise. Photograph: Reuters/Asim Tanvir

Train crash kills 126 in Pakistan

Agencies

Rescue workers used blow-torches to cut through twisted wreckage trying to rescue trapped passengers from an express that jumped its tracks in eastern Punjab yesterday, killing at least 126 people and injuring another 175 in Pakistan's worst train crash for seven years.

The brakes apparently failed when the driver tried to stop to make way for a second passen-

ger train that was leaving Khanewal, 250 miles south-east of Islamabad. The train was diverted on to a dead-end track, where it slammed into a pile of sand.

The first five coaches overturned, some rolling on top of others making it difficult for rescue workers to reach those trapped inside. The 17-car train, carrying 1,500 people, was en route from Peshawar in Pakistan's Northwest Frontier province to southern Karachi on

the Arabian Sea. Most of the dead and injured were asleep when the accident occurred.

Prime Minister Nawaz Sharif was flown by helicopter to the scene of the accident. He visited the hospital in Khanewal where hundreds of people had gathered to donate blood. He ordered an inquiry into the disaster, telling Khanewal's deputy commissioner to prepare an initial report within 24 hours. Shahbaz Sharif, chief minister of Punjab, also visiting vic-

tims in hospital in Khanewal, said: "This is a horrific accident. It's a major accident in which 126 people have been killed."

People from Khanewal were the first to arrive on the scene. They pulled bodies from the overturned coaches and covered the dead in white shrouds. Many of the more seriously wounded were taken to Multan, about 24 miles away. Hospital officials said that as many as 50 were in a critical condition and the death toll could rise.

In Peshawar, the frontier provincial capital, hundreds of miles north of the accident, frantic relatives and friends were seeking information about those believed to be on the train.

Pakistan's train system is antiquated. In the past decade there have been dozens of accidents which have killed nearly 2,000 people. The most serious occurred in 1989 when two passenger trains collided in the southern Sindh province, killing 850 people.

Arafat asks US to block Jewish settlement

Patrick Cockburn
Jerusalem

Yasser Arafat, the Palestinian leader, yesterday asked President Bill Clinton in Washington to stop the construction of a Jewish settlement in Jerusalem as Palestinians in Gaza, the West Bank and East Jerusalem went on strike in protest.

Declaring that "not one single house should be added", Mr Arafat looked for support from Mr Clinton and Madeleine Albright, the Secretary of State, during his four-day visit to the US. He said part of Jerusalem "was Arab, will remain Arab and eventually will become capital of Palestine".

In East Jerusalem shops were closed and there was little traffic in West Bank cities under Palestinian control. Palestinian police stopped motorists and asked them to go home. There were no reports of clashes, mainly because Mr Arafat and his security services are determined to prevent a confrontation with Israel now.

While he is genuine in his dismay at Israel's move to tighten its grip on Jerusalem, Mr Arafat is also milking the decision to build a settlement for 26,000 Jews at Har Homa, called Jabal Abu Ghneim by Palestinians, for all the diplomatic advantage that he can.

Benjamin Netanyahu, the Israeli Prime Minister, has lost much of the international credit he won after the partial Israeli withdrawal from Hebron because of the decision.

On a visit to a Palestinian district in Jerusalem yesterday Mr Netanyahu tried to reassure residents they would get better infrastructure. He said: "We are serious about it. It's not a ploy. We're not playing games. We think it is our responsibility to treat [Jerusalem's] Arab and Jewish residents alike."

Army protects Ataturk's secular ideal

Christopher De Bellaigue
Ankara

The coalition government of Necmettin Erbakan, Turkey's Islamist Prime Minister, is digesting the armed forces' most emphatic intervention in national politics since 1983, when Turkey's generals relinquished power they seized in 1980.

Last Friday, the National Security Board - which contains senior military figures - issued a declaration which amounted to a call for a return to the secular orthodoxy promulgated by Turkey's founding father, Mustafa Kemal Ataturk. While the Prime Minister - along with other senior figures from the Turkish establishment - is

Islam: Turkey and France both feel threatened by religious zeal

himself a member of the board, Turks suspect that the sentiments expressed in this declaration reflect less Mr Erbakan's views than those of the military, which has launched three coups since 1960.

The declaration, which followed a nine-hour meeting, named neither individuals nor political parties. However, there is little doubt that it was composed of Mr Erbakan and his Welfare Party in mind.

The Prime Minister angered the secular establishment when he tried to introduce measures which would make Turkey a

more Islamic state. These initiatives - which included plans to allow female civil servants to wear Islamic headscarves at work - worried the military, which cites a constitutional obligation to uphold Ataturk's secular legacy.

Mr Erbakan has said that the board's declaration addressed all of Turkey's political leaders, and he has begun a series of meetings with other party bosses. However, the Prime Minister's room for manoeuvre is limited by his government's parliamentary majority of just eight. Carrying out the military's

demands - which means for the most part stricter enforcement of existing legislation - might modify potential defections within the True Path Party, Welfare's coalition partner.

The problem for Mr Erbakan is that cracking down on threats to secularism would also mean penalising fundamentalists who provide Welfare with some of its most committed support.

For example, forcing a European-style dress code first introduced by the dapper Ataturk - a headless devotee of plus-fours and brogues -

would affect Mr Erbakan's more radical cadres who favour beard and garb of Iranian inspiration. The implementation of other demands, which include restrictions on religious education in private schools, would also alienate the party faithful.

For the moment, the Prime Minister has rejected calls to reintroduce a tough law - repealed in the 1980s - which bans rallying the people in the name of religion. Mr Erbakan is under no legal obligation to implement the board's recommendations.

"In Turkey, governments are

formed in Parliament, not in the National Security Council. Laws are made in Parliament," he told reporters yesterday at the parliament offices of his Welfare Party.

However, not so distant history suggests that it may be wise for him to listen. When the army last issued a comparable warning - in December 1979 - the government of the time took little notice. The following year, the tanks rolled in.

Turkish stocks dived 5.58 per cent at the close of trading on the political uncertainty. "An easing in political tension is needed. Newspapers full of pictures of army generals negatively affect the market," said broker Mustafa Yilmaz.

EU to cut global warming gases by a tenth

Nicholas Schoon
Environment Correspondent

The European Union yesterday set an ambitious target for cutting emissions of "greenhouse gases", in the hope this will galvanise the rest of the industrialised world into acting against the threat of man-made climate change.

After a night and a day of talks in Brussels, environment ministers from the 15 member states pledged a 10 per cent cut in annual emissions of the three most important global warming pollutants between 2000 and 2010.

But they said the EU wants all industrialised nations, including the European bloc, to deliver a 15 per cent cut over this period. They will call for this larger cut in Bonn this week at international talks on combating climate change. "We are ready to deliver this deeper cut if others are," said one official.

The European ministers agreed on individual emission cuts for each of the 15 nations. When these individual targets are added up, they give a 10 per cent overall reduction.

The gases in question are carbon dioxide (by far the most important), methane and nitrous oxide. The use of coal, oil and gas, the lifebloods of European industry, is the main source, with cement and nylon manufacture, garbage heaps and agriculture making a minor contribution.

Ministers were anxious to reach a joint EU agreement on cutting emissions in order to send a strong message to the international negotiations. These are paving the way to a climate summit in Japan at the end of the year.

Under the EU agreement, the poorer Mediterranean countries like Greece and Portugal will be able to raise their emissions between 2000 and 2010 as they continue to industrialise. Germany and Austria will cut theirs by 25 per cent. Britain, the Netherlands and Belgium will take a 10 per cent cut, while France and Finland will merely have to stabilise their annual emissions over the decade.

French justice stops at the prison gates, say Arabs

Mary Dejevsky
Paris

Ever since the Paris bombs in the summer of 1995, there has been tension between France and Britain over the activities of a number of North African Muslim activists living in Britain. The French authorities suspect that some Islamic fundamentalist groups are using London as a base not only for propaganda, but for terrorist attacks in France as well.

They cite the case of Rachid Ramda, an Algerian exile currently in prison in Britain, who is appealing against a court decision that he should be extradited to France. The French claim that he is an organiser and treasurer of the 1995 bombing campaign and resent what they see as British reluctance to hand him over.

Claims have come to light, however, that appear to cast serious doubt on the quality of French justice as it applies to Muslims detained in connection with terrorist or extremist offences. An open letter from detainees held at the Fleury-Mérogis prison accuses the authorities of discrimination, severe mistreatment, religious persecution and psychological pressure.

"We Muslim prisoners, labelled 'Islamists', the handwritten document said, 'have decided to break our silence and

bring to public notice ... the excesses to which we have long been subjected."

There follow seven specific allegations. They include what is described as the "Machiavellian methods" of the police in manufacturing, planting or destroying evidence; physical mistreatment - including beatings of prisoners and sleep deprivation - and intimidation of detainees' families who are detained or called in for questioning without the statutory warrant.

Some police officers are accused of forcing Muslim prisoners to commit acts of "blasphemy", such as "stamping on the Koran", while others are said to have warned prisoners that they will be marked men after their release. "One officer told one of us: 'When you get out of prison you will be a dead man'."

The majority of allegations concern the Police Judiciaire - the main criminal investigation branch of the police - but others are also implicated. Individual doctors are accused of issuing false medical reports to cover up the results of beatings, and journalists "with rare honourable exceptions" are accused of hushing up what is going on and broadcasting "film of arrests that violates the confidentiality of legal investigations".

The prisoners also protest about the use of informants, confessions extracted under duress and complicity between certain lawyers and magistrates.

They claim that electronic tags are unlawfully attached to prisoners during transfer, that prisoners are subjected to repeated strip-searching and are regularly "roughed up and humiliated".

In an allegation that is particularly pertinent to the Rachid Ramda case, they say that prisoners are held for very long periods "sometimes illegally" without charge, and that there are some who have spent more than a year in Fleury-Mérogis prison "after extradition from other European countries who have still not been questioned".

A spokesman for the Police Judiciaire, which is subordinate to the Interior Ministry, dismissed the allegations as "old" (the open letter is dated 31 October) and said he found



Rachid Ramda: Turkish women protesting against the Islamist-led government Photograph: Reuters

them "not very credible ... without much foundation".

The fact that they had not been reported in the French press, he suggested, showed that they were "generally not taken seriously". Specifically on the period of time prisoners are held without charge, another police source said this was due to the "particular nature" of the French justice system.

He said he was familiar with the letter and had seen earlier, more virulently worded protests as well. In all cases, he said, the allegations were too unspecific to warrant an inquiry. If a named individual had made a specific complaint, he said, this would have been investigated, but no such complaints had been received. In other words, as far as the police are concerned, there have been no investigations because there have

been no complaints.

One of the charges in the prisoners' letter, however, is that the authorities try to prevent information about the plight of Muslim prisoners from coming to light.

In France, where the interest of many civil liberties groups tends to stop at the prison gate and where anyone in prison (especially someone thought to have Islamic connections) is already guilty in the public mind by association, such an information gap can be sustained more easily than in the UK.

Fears about the effect of the bombings on elementary civil liberties first arose after the introduction in Paris and other cities of the quasi-military state of alert, Vigipirate, in the summer of 1995.

Hundreds of young men of North African appearance were

summarily stopped and searched each day. Those without valid papers were detained. There were dawn raids on housing estates in which dozens were held. Many were released without charge, days or weeks later.

Many others, however, were not so fortunate. No one has yet been charged either with the 1995 bomb attacks or the attack last December at Port Royale metro station in Paris.

The Muslim prisoners of Fleury-Mérogis claim that French justice works at different speeds: "One for Corsicans - dialogue and firmness (wheeling and dealing); another for Basques - political and judicial barrier with Spain (exchanges of Basques for Islamists); a third for Kurds - somewhere in between; and a fourth for Muslims - persecution, hatred and repression without end."

Sir Horace Cutler

James Magrath, Barrister

analysis

Mightier than the sword

He is talking from the safety of his quiet, beautiful Venice home – described as a palazzo by his ideological arch-opponent Michael Heseltine and by the man himself as a “modest little house” on a “backwater at the Tower Hamlets end of the Grand Canal”.

Lord McAlpine, Margaret Thatcher's most successful political fundraiser, complains that much of his explosive new book, to be published this month, doesn't even deal with politics at all. He writes about other areas of his life – as anthropologist, as the foremost patron of British sculpture in the 1960s and 1970s, as an art collector, connoisseur, writer, Garrick Club wit and super-wealthy toff.

But it's the politics that matter this week and it's something John Major could do without. Lord McAlpine idolised Margaret Thatcher and was party treasurer and one of her inner circle for 15 years. He has an eye for the wicked anecdote, whether it is Chris Patten greedily gobbling his oysters or Thatcher enjoying the delicious “Gilbertian” spectacle of Norman Lamont with a black eye after a brawl with a former boy-friend of the “extremely attractive” widow Olga Palazzi, or his own warning to John Major that John Gummer “was not the sort of person you would risk going for a walk with in St James's Park, let alone the jungle”.

It's a spectacular understatement to say he doesn't think much of Mr Major as a leader. He has fired himself from any obligations of loyalty to Conservatism by joining the Refer-

endum Party, his old friend Sir James Goldsmith's great electoral adventure. His book would probably have caused the minimum of fuss if only the election had been called last autumn. As it is, every word of its newspaper serialisation is being lapped up by the Jacobite tendency in the Tory Party – those who have never stopped wishing She was still in Charge. For he can say, lamenting the departure of his heroine, what others dare not: that “only a considerable defeat” will clear the heads of their party.

McAlpine believes that the Tories should be anti-single currency and in favour of renegotiating Britain's relationship with Europe. He argues that Major's leadership has damaged the party “beyond imagination”. Nevertheless, he maintains that he would be

“surprised” if the Conservative Party split in two after the election. “Great parties don't split,” he says. The Conservatives, he insists, will heal in time (though he constantly proclaims “I'm not a member of the Conservative Party – I don't take the Conservative whip so it's not my problem.”).

Noting that leadership campaigns are already under way, he says he finds none of the front-line challengers “very palatable.” And speaking of some senior members of the Tory party, he is very rude indeed. Brian Mawhinney, the party chairman, who he describes in his book as “having all the joy about him of an undertaker's mute” is definitely “not my sort of chap”.

He is “not excited” by either John Redwood or Michael Howard, adding that he “wouldn't have Michael Howard as leader”. What about Stephen Dorrell, repositioning himself, with mixed results, on the right of the party over Europe? “He changes every five minutes. I'd like to hear Dorrell talking about the health service for a change. I think he's going to be immaterial. I don't think he's going to be in the race – he doesn't look up to it... not a safe pair of hands.”

McAlpine says Heseltine's *palazzo* jibe – in a passage of his party conference speech last year savaging the Referendum Party – was “pretty ungenerous considering there have been a few occasions when I've helped Michael Heseltine”. Lord McAlpine's wife, Romilly, helped to look after Heseltine in Venice after his heart attack.

“If the Conservative party is going to be against apparently wealthy people who have houses in Europe, then for God's sake... I mean why is it

that Tories who are hell-bent on taking us into Europe are so against people who actually live there?”

Surprisingly, despite their differences on the kind of Europe they would like to see, McAlpine is rather nice about Ken Clarke, the Chancellor of the Exchequer. He admired Thatcher for being a tough, combative politician and adds: “I like Ken Clarke and that's a subject on which I could wax quite lyrically at the appropriate time. Ken Clarke has many of the qualities which I admire.”

His book is full of mischievous portraits of key figures in the first two years of John Major's “Cabinet of Chums”: like Norman Lamont, whose stubborn refusal to recognise the looming signs of recession was one of the main reasons his links with the Tory hierarchy were finally fractured. The recession, in stark contrast to Lamont himself, was anything but “short and shallow”.

And was it true that cheers

had echoed from the election night party at his house in 1992 when Chris Patten lost his seat at Bath? Well, says McAlpine, there were two parties going on. One was upstairs where Mrs Thatcher and a very select group of chums were watching the results, and another downstairs, where there was a much louder, larger group. There may have been cheers from downstairs but there were certainly none from Mrs Thatcher. And what about him? “I don't recall, but I wasn't sad to see him go.”

This brings us to Major himself. When Major used to hang about Chequers “pretending to be the curtains”, as he wistfully puts it, McAlpine devised an explanation, he says, for all those people who would say to

him they'd just met Major and ask “why on earth” Thatcher kept saying he would be her successor. “I used to tell people that it was a scheme to humiliate Geoffrey Howe” (then deputy Prime Minister). He makes no bones about being suspicious of the wisdom of the Maastricht Treaty, but he denies that Goldsmith's goal of a referendum vote in favour of a renegotiated relationship with Europe, rolling back the Maastricht Treaty, is hopelessly unrealistic or that the rest of the EU in those circumstances would simply “tell Britain to get stuffed”.

“Our trade deficit with Europe is something like £90 billion over the last 10 years. Now if I had a customer who was taking that kind of stuff from me, I'd take quite an interest in what he was saying. The last thing I would do is ban him from the shop. I don't think I would say ‘get stuffed’. I think a lot of other countries are waiting for a lead.”

Major had first come to notice because he settled a public spending round as Treasury

Chief Secretary without recourse to the “Star Chamber”. “He's a very good negotiator but I think good negotiators don't make good prime ministers because being prime minister isn't about negotiation – it's about leadership.”

This makes his assessment of Tony Blair all the more wounding. First he implies that it's too early to judge Blair, saying: “You can only really tell whether someone's a leader when they have to demonstrate it,” but then he adds “in terms of sorting out the Labour Party, he has certainly demonstrated leadership.”

What has made news, of course, is the revelation that John Major got personally involved in asking Lord McAlpine's help to solicit a £500,000 donation from the Greek shipowner John Latsis. In fact, says McAlpine, he told the story to illustrate that he himself hadn't been “a malcontent Thatcherite” and had been willing to help after Major came to power. News of the donation subsequently leaked. “It caused me a lot of aggravation at the time. The chap was furious and also I had a reputation for not landing people in it.”

Latsis aside, even the biggest donations had been in the £5,000 to £15,000 range, and those he believed should be secret. Even “if a rich man wanted to give you 50 grand, it was hard to criticise. I mean he clearly wasn't looking for oil concessions or something. But now it was different. There was talk of the Tories having a £40m war chest. There had been one recently publicised donation of £5m. “If you ask me if I think that sums of £10,000 or £15,000 or £20,000 should be private, the answer's yes. If you ask me whether a sum of £5m should be private, the answer is definitely no.”

So isn't it, finally, just a case of bitterness, of not ever having forgiven the party for letting Thatcher go? Well, he says, and all his criticisms of what happened since then has been based on actual performance. I retired six months before she went. I was very happy to be an outsider again. I was very happy to be away from politics... It was a great relief to get on with normal life. I was upset when Margaret Thatcher went. I was desolate but you get over things.”

Why had friends of hers such as him joined a rival party while she had stayed loyal, at least in public? Thatcher, he says, she had been a child of the Conservative Party. Her father had been a councillor, and she had come up through its ranks. Its activists had always helped her. For him, it hadn't been like that. He had been asked “out of the blue” personally by her to do a job, and he had done it, becoming a “significant fund raiser” – and then he had left. So, was he really saying that unlike her he didn't really owe the Conservative Party anything? “I wouldn't say that because it's quite a rude thing to say.” But then he adds: “When you boil it down, it's pretty near the truth.”



Lord McAlpine: Believes that 'only a considerable defeat' will clear the heads of the Tory party. Photograph: Rex Features

I ask you a question: has John Major's leadership been a triumph?

“No, actually.”

“Well, not many people have. Only my students, in fact. And then not through choice. But I have identified one of the main problems of biography as being the financial uncertainty involved.”

“You mean, people don't get well paid for it?”

“No, no. I mean that the readers of a biography set in some past era are never quite sure what the sums of money involved are. Take this example, from a life of Hilaire Belloc by AN Wilson which I happened to be reading this morning, where he says that Belloc's mother entrusted her financial affairs to a stockbroker, who vanished after losing her £12,000. She was left so impoverished that she applied to George Eliot for a loan of £500, which, says Wilson, was a very large sum of money then, in other words in the late Victorian era. But how large? Wilson does not say. Would it be £5,000? £10,000? £50,000? £100,000? He does not say. Probably, he does not know or care. Because he knows that in order to calculate

how much that £500 would be worth today, it would take endless hours of research and comparison. You'd have to look at house prices of the time, food prices of the time, average incomes of the time, before you could finally tell us exactly what that £500 was worth today.

“But, if you had a single historical currency, there would be no problem.”

“Pardon?”

“Every time a biographer mentions a sum of money he feels constrained to translate it into modern terms. Sir Walter Scott had a debt of

£30,000, we are told, and the biographer adds, which in today's terms would be about £400,000, but how much better it would be if we did not have to translate it. How much better if there were an agreed currency to express these things! We resent having to change currencies every time we cross borders, do we not? Well, I resent having to change currency every time we cross decades or centuries. I wish we could travel through time using the same historical currency.”

You mean, translate all the money used in the past into a common currency?”

“Why not? At least it would give us a common language. At the moment it is all meaningless. If we read that Mr Pickwick pays 3d for a glass of beer, or that Napoleon receives 3,000,000 francs for the sale of Louisiana to the Americans, both figures are meaningless. We have no idea if Mr Pickwick was being extravagant, or Napoleon was being diddled. But if we adopted a common currency in history, we would soon know.”

“What currency would it be?”

“Oh, I don't know. The historical one, perhaps? The thaler? The crown? The sovereign? The doubloon? It wouldn't really matter, as long as you had a common unit, tied to modern currency. In biographies writers never know in what terms to express currency. Sometimes they do it in terms of weekly wages and say: ‘This was more than the average worker earned in six months in 1717’. Sometimes they do it in terms of travel. ‘In those days, this would have been enough to get a traveller to Edinburgh and back’. But until there is agreement over a common currency the reader will always be left guessing. For instance, when Judas sold Jesus Christ for 30 pieces of silver, how much was that? 30p? £300? £3,000?”

“I don't know. How much was it?”

“Ah ha!” says Prof Frinton. “To find that out you'll have to read my new book, *Money: The Bible and You*. Available from all good bookshops at £17.99, or from me at £13!”

“I ask you a question: has his leadership been a triumph? I think it's self evident that the Conservative party has been shattered beyond imagination. It's not irreparable. Conservatives always heal but it will take time.”

On the single currency, McAlpine is contemptuous of

the “wait and see” approach. He favours outright opposition. But a clear line in favour of EMU even if it drove many from the party would at least mean “we would know where the hell we are all going”. And he denies that Goldsmith's goal of a referendum vote in favour of a renegotiated relationship with Europe, rolling back the Maastricht Treaty, is hopelessly unrealistic or that the rest of the EU in those circumstances would simply “tell Britain to get stuffed”.

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A single currency to go down in history

The call for a single currency came loud and clear today from an unexpected quarter. From a professor of history at Milton Keynes University.

And it was a call with a difference. Because the single currency that Professor Eric Frinton wants is nothing less than a retrospective single currency going back into history.

Perhaps he ought to explain what he means by this.

“Perhaps I ought to explain what I mean by this,” readily agrees Professor Eric Frinton. “Now, for a start, I am no ordinary professor of history. I am a professor of biography. As you know, biography is the new ‘rock n’ roll’.”

“No,” smiles Professor Frinton. “I would hate for biography to be the next rock n’ roll. It must be awful to be anything like rock n’ roll. What biography is, is the new novel. But there are problems encountered in the biography which you don't find in the novel. You may have read my book, *The Problems of Biography?*



Miles Kington

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“Why not? At least it would give us a common language. At the moment it is all meaningless. If we read that Mr Pickwick pays 3d for a glass of beer, or that Napoleon receives 3,000,000 francs for the sale of Louisiana to the Americans, both figures are meaningless. We have no idea if Mr Pickwick was being extravagant, or Napoleon was being diddled. But if we adopted a common currency in history, we would soon know.”

“What currency would it be?”

“Oh, I don't know. The historical one, perhaps? The thaler? The crown? The sovereign? The doubloon? It wouldn't really matter, as long as you had a common unit, tied to modern currency. In biographies writers never know in what terms to express currency. Sometimes they do it in terms of weekly wages and say: ‘This was more than the average worker earned in six months in 1717’. Sometimes they do it in terms of travel. ‘In those days, this would have been enough to get a traveller to Edinburgh and back’. But until there is agreement over a common currency the reader will always be left guessing. For instance, when Judas sold Jesus Christ for 30 pieces of silver, how much was that? 30p? £300? £3,000?”

“I don't know. How much was it?”

“Ah ha!” says Prof Frinton. “To find that out you'll have to read my new book, *Money: The Bible and You*. Available from all good bookshops at £17.99, or from me at £13!”

Accounting for the City rogues

Investors in unit trusts and other savers have had some lucky escapes recently. It is a fluke that they have avoided losing money as a result of the activities of rogue traders in the City. On Friday evening, National Westminster Bank announced that a member of its staff had lost £50m. Fortunately, the bank is covering the deficit out of its own pocket and no client will suffer.

When Morgan Grenfell's highly regarded executive Peter Young made a series of illicit and disastrous investments for funds in which the general public has an interest, the bank was no longer independent. On its own, it would have been unable to rectify the situation. But some years earlier it had been taken over by the immensely strong Deutsche bank. The Germans are putting up the £300m required to make sure that none of Morgan Grenfell's clients suffer any loss.

In the case of Barings, whose Singapore operative Nick Leeson ran up £830m of losses, he was missing Barings' own money rather than anybody else's. The City's oldest merchant bank vanished, repayment of its bond was put in doubt and the Barings family became a laughing stock, but that was that.

It is entirely fortuitous that no member of the public has yet been affected. Go through the advertisements in the weekend press offering unit trusts and investments trusts and other schemes for investing in shares. Then ask the question: how many of the companies making these enticing claims with their "unbeatable costs", their exhortations to act now, their free phone numbers, actually have £50m, or £300m, or £830m to make good any losses incurred by their own employees who deal outside their limits and then cover up their mistakes? Very few.

The accident is waiting to happen because the City has created a system for rewarding key staff which has a perverse effect. The payment of large bonuses for the above-average performance encourages undue risk-taking, particularly as there is never any financial penalty for poor achievement. As the Bank of England points out in a study published yesterday, "the highest bonuses usually go to 'stars' who may feel compelled to justify their status by taking greater risks in the hope of making higher and higher profits". Winner-takes-all payments systems are now a feature of the financial markets, as they are of the entertainment industries and of professional sports.

This means that the standard health, or rather wealth warning in the advertising of financial products is inadequate. In the small print you

are told that past performance is not necessarily a guide to future performance, and that both capital and income values may go down as well as up, and that you may not get back the amount invested. That is the investment risk. What the NatWest, Morgan Grenfell and Barings cases show is that there is another aspect to be considered: the prudential risk - in other words, the question of honesty.

There are many things that can be done to enhance the level of protection against this new danger - which isn't going to go away because the

Bank of England writes a paper disapproving of City bonus schemes. Savers must begin to ask the companies managing their unit trusts or investment trusts and similar products: do you have the resources to meet losses of upwards of £100m caused by dishonest trading?

Here, the recent action by the admirable Mer-

cury Asset Management, the largest independent fund manager in the UK, is telling. It has arranged a standby loan of some £250m which can be drawn down in an emergency. This would be in addition to the £300m in surplus cash that the company has already accumulated. No other management group has yet followed Mercury's example.

Savers, therefore, must spread their risks in the time-honoured fashion. Just as it would be foolish to invest all your savings in a single share, so it is now imprudent to entrust your entire nest egg to the unit trusts or investment trusts of a single investment management group unless it is big enough to handle any conceivable disaster arising from dishonest trading. The extra charges should be seen as a type of insurance premium.

There is likewise a classic response that the City's regulatory authorities, among them the Personal Investment Authority and the Investment Management Regulatory Organisation (IMRO), can and should make. Without further ado, they must insist on disclosure to highlight the new risk. Unit trust and investment managers advertising to the public should be required to state who their ultimate parent companies are, what their paid-up capital amounts to, and, in cases where the ultimate owners are banks, what their credit rating is. Investors need to be able to assess strength as well as expertise.

And of course the obligatory warning must be rewritten to reflect reality. Not only can share prices fall as well as rise, but unauthorised activities by the investment manager's staff could lead to large losses. This needs to be spelt out clearly. Rogue trading can damage your health.



Andreas Whittam Smith

Another sting in the tale of the city of scorpions

by Patrick Cockburn

In AD 985 the Arab geographer al-Muqaddasi wrote that Jerusalem was "a golden basin full of scorpions". It has not changed. A thousand years later no city in the world is so divided by hate. And with the Israeli decision to build an exclusively Jewish settlement at Har Homa last week, the battle for Jerusalem is entering a more intense and, almost certainly, more violent phase.

A Palestinian strike paralysed East Jerusalem and the West Bank yesterday as Yasser Arafat, the Palestinian leader, saw President Clinton in Washington to persuade him to get the Israeli decision reversed. This is unlikely to happen. By the end of March, Israeli bulldozers will start stripping the hill of Har Homa, known to Palestinians as Jabal Abu Ghneim, of its pine trees in order to build homes for 26,000 Jews.

It will be the largest Jewish settlement built in Jerusalem since 1980. Probably US officials, in a self-congratulatory mood since they brokered the partial Israeli withdrawal from Hebron in January, underestimate its potential for igniting an explosion. This is despite the fact that it is disputes in Jerusalem, not in the past led to some of the bloodier episodes in the Arab-Israeli conflict.

Only last September, 61 Palestinians and 15 Israelis were killed in fighting that followed the decision by Benjamin Netanyahu, the Israeli Prime Minister, to open up a tunnel running under the Old City of Jerusalem into the Muslim quarter. The only real surprise was that Mr Netanyahu did not see this coming. In 1990, Israeli soldiers shot dead 17 Palestinians who rushed to defend al-Aqsa mosque after a false rumour that it was under attack by Jewish fanatics.

Superficially, Mr Netanyahu was more even-handed with Palestinians over Har Homa than over the tunnel. He announced that 3,000 homes for Arabs were also to be built. "It is good for the Jews," said David Bar-Ilan, his spokesman. Unfortunately this turned out to be untrue. Mr Netanyahu was recycling an existing plan to build roads, sewers and water pipes in Arab neighbourhoods. He has no plans to build houses for Palestinians. An Israeli commentator said his original announcement was the sort of "marketing gimmick" which in this government passes for grand strategy.

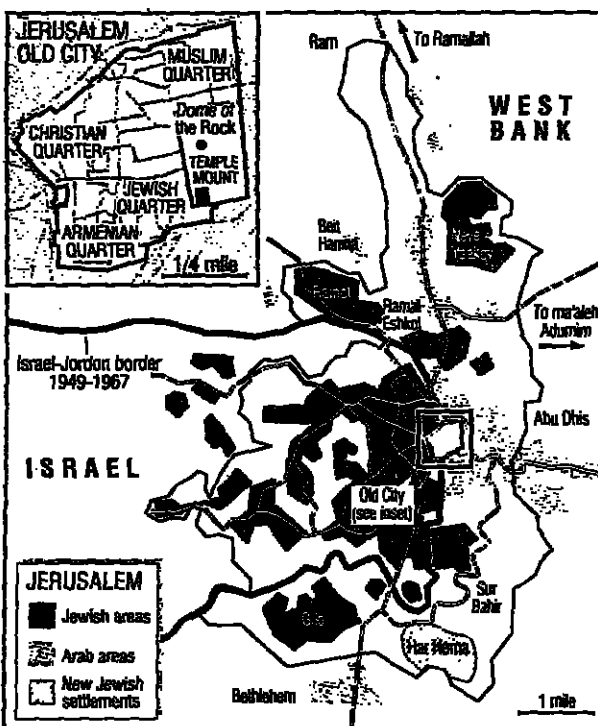
In theory it is difficult to see why there is any contest over Jerusalem. Israel has held the city since its army captured it from Jordan in 1967. Out of a population of 600,000, only 170,000 are Palestinians. Once wholly Arab, East Jerusalem now has a majority of Jews. The government says the historic balance between Jews and Palestinians, which it would like to maintain, is 72 per cent to 28 per cent.



A Palestinian woman in the deserted streets of strike-bound Jerusalem yesterday

Photograph: AP

The battle for Jerusalem, venerated by Jew and Muslim alike, is entering a more intense and, almost certainly, more violent phase



But these figures are deceptive and do not reflect the real balance of forces. The present municipal boundary is gerrymandered in a way that would bring joy to a Chicago ward-heeler. Meron Benvenisti, former deputy mayor of Jerusalem and author of *City of*

much as possible of their building and agricultural land.

The result of the gerrymandering is a city map which looks like an appended set of bagpipes, its snout pointing north. The real population of metropolitan Jerusalem is about one million. If the whole urban area is included, the overwhelming Jewish majority is artificial. If Palestinian towns such as Bethlehem and Ramallah, each only 15 minutes by car from the centre of the city, are included in metropolitan Jerusalem, then half a million Jews are matched by an equal number of Palestinians.

This demographic point has an important political consequence. Jerusalem is meant to be the "eternal and undivided capital of Israel". Mr Netanyahu, successfully attacking the Labour prime minister in the election last year, predicted: "Shimon Peres will divide Jerusalem." But in every real sense Jerusalem is already divided. An Israeli taxi driver will not go to Palestinian areas. Drive north for a quarter of an hour and, without any change in the urban landscape, you are in Ramallah, which is under total Palestinian control.

It is not merely the construction of Har Homa, but the pretence that most of the half a million Palestinians in the urban area of Jerusalem are not

in the city, that makes the present situation so dangerous. The Israeli Interior Ministry has put in doubt the Jerusalem identity cards of 120,000 out of the 170,000 Palestinians who hold them. Its reasoning is that a Palestinian who lives in Ram or Abu Dhis, Palestinian suburbs just outside the municipal boundary, should have no more rights in the city than if he or she lives in Indiana or Melbourne.

Every day sees another skirmish for control of the city. Yitzhak Mordechai, the defence minister, authorised at the weekend the building of 1,500 apartments and 3,000 hotel rooms to link the city with Ma'aleh Adumim, a large Jewish settlement on the road to Jericho. The far right believes it can undermine the Oslo accords, in a way that it failed to do over Hebron, by mobilising a majority of Israelis behind the slogan that Jerusalem is in danger. Already posters have started to appear on the road at the entrance to the city reading: "Netanyahu will divide Jerusalem."

Few Israelis understand

that their numerical predominance in Jerusalem is the result of gerrymandered boundaries. They cannot understand why the Palestinian Authority and its security services continue to operate in the city, and demand their expulsion. They are unlikely to accept any form of power sharing or partition so that Palestinians can also have their capital in Jerusalem.

This is a pity because, on the ground, compromise is not quite as difficult as it seems. For hundreds of years, the Palestinians have controlled the great masonry platform built by Herod, on which stand the mosques of al-Aqsa and the Dome of the Rock. Together with the Old City, where Palestinians also predominate, this is the heart of Islamic Jerusalem. It would be easy enough to declare these areas of *de facto* Palestinian control as their legal capital. But it is doubtful if any Israeli political party could accept this and survive, so the scorpions in their golden basin will continue to fight.

Failed maths will never make the grade

The Liberal Democrats' pretence that £1.7bn is enough to make a difference does not add up

We all want more education. Lots of it. We must do, because politicians of all parties are tripping over each other to tell us how much higher their grades will be if they get the chance to improve things after the general election.

The Liberal Democrats go further. They have a cunning plan about how to pay for a bigger and better education system. They will put a penny on the basic rate of income tax to raise nearly £2bn a year.

Painful truths are a Lib Dem speciality. Improved education is essential for the future of the British economy. It is an investment in our future and it will not come free. They are the only party to spell out where the money for improvements will come from.

A penny on tax does not sound all that much to the typical voter, especially when missing the key phrase "in the pound". It adds up to £180 a year - or nearly £350 a week for somebody on the national average salary. This is nearly two pints of beer in Sedgfield, or a glass of decent chardonnay in an Islington wine bar - reasonable people would probably be prepared to make that weekly sacrifice for our children's future.

In a recent speech, Malcolm Bruce, the Lib Dem Treasury spokesman,

spelt out the party's education priorities. Nursery education for all three- and four-year-olds whose parents want it, more books and equipment, decent school buildings, and, especially, attracting the best and the brightest back into the teaching profession.

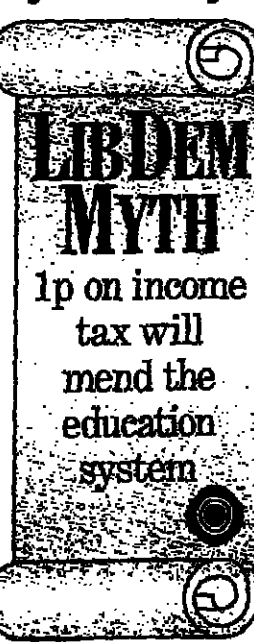
The extra penny will raise £1.7bn in a full financial year. Suppose it is all spent on raising teachers' salaries to lure back all those talented people we all know who have given up teaching. It would amount to a generous 15 per cent pay rise. On the average teacher's salary of about £20,000, that is an extra £3,000 a year. Party on!

Of course, that would leave all the other priorities. Wages and salaries form the biggest single chunk of the education budget as teaching is such a labour-intensive activity. Increasing the number of teachers to reduce class sizes would be equally cash-consuming. Perhaps the teachers' pay bill had better go up by only 5 per cent, or £1,000 a year. That is about £12 a week after tax and national insurance, or six and a half pints of beer.

That would leave about £1.2bn a year for other priorities. This is enough, indeed, to raise capital spending on school buildings and equipment - think of all those



by Diane Coyle



computers needed in the modern classroom - by about a third.

But the bottom line is that £1.7bn a year is not very much money compared to the cumulative total required to fill in a hole left by years of underfunding - especially when the Lib Dems have also earmarked the penny-in-the-pound tax increase to pay for extra NHS spending, their other priority.

It is not easy to say how big the funding hole is, for education spending has actually risen in real, inflation-adjusted terms every year since the Conservatives came to power, except for the past two when it has been virtually flat. The real problem is that, as with the NHS, the demands and expectations we are placing on the education system have risen, too.

So, for example, entrance to higher education has doubled since 1989 to include three in 10 of all young people leaving school or further education. The Liberal Democrats, like Labour, say they want to increase this proportion and expand the number of adults in higher education.

Schools clearly feel that they are struggling to meet the demands placed on them by the National Curriculum and testing. Which parents do not know of the extra tax already imposed by all those "voluntary" charges that schools must make for trips and special events? Then there is

supporting fund-raising events such as the summer fete. There must be a squeeze if the nation's primary schools are having to buy their computers courtesy of Tesco and Sainsbury.

All our politicians are guilty of not addressing the most difficult issue they face - if total government spending can rise, at most, at the same pace as the economy expands, what is to be done about the fact that our demand for public services is increasing much faster? The honest, plain-spoken Liberal Democrats are doubly misleading us by pretending that a small increase in tax rates will solve the problem.

It is not enough to say that education and health are priorities and will get the extra cash. It is not enough extra cash. Perhaps 5p in the pound would be, perhaps not. A penny is peanuts.

The language of priorities will have to be applied within education, too. If teachers are the most expensive part of our children's education, perhaps there should be fewer of them. Spend the £1.7bn a year on mechanising schools. Increase class sizes. Install many more computers with Internet connections and more video links to distant lecturers, and let Mr Bruce advise the nation's best and brightest to retrain as software developers rather than teachers.

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British Gas cuts £40 off bills in South-west

Michael Harrison

British Gas is today expected to announce cuts in charges worth an average of £40 a year for households in South-west England in a bid to win back domestic customers from rival operators.

This will be the first time British Gas has introduced different prices for customers in different parts of the country. But it will become an increasingly familiar feature as com-

petition in the domestic gas market rolls out nationwide.

Initially, the price reductions are likely to be limited to households that pay by direct debit – the area of the market where British Gas has suffered the heaviest loss of customers.

Since competitive trials were launched in the South-west region last April British Gas has lost 19 per cent of its customers to rival operators who are undercutting its standard tariffs by 15 per cent to 25 per

cent. But the figure for those paying by direct debit is even higher at about 25 per cent. About 95,000 of the 500,000 domestic gas users in the area have switched to one of 10 rival suppliers.

Today Centrica, the supply arm of the newly demerged British Gas, is expected to announce it is introducing new tariffs in the South-west for direct debit customers which are 10-13 per cent below its standard tariff. This will still leave it more

expensive than rival suppliers but it will halve the gap between Centrica and its cheapest rivals.

At present Centrica is allowed to offer direct debit customers nationwide a 6 per cent discount on its standard tariff. This is worth just under £20 a year on the average £330 household bill.

The discount for direct debit customers in the South-west is expected to be roughly doubled. The charges will take effect immediately and Centrica is thought to be preparing to

launch a local press and radio advertising campaign as early as tomorrow.

The proposed new tariffs have not been approved by the gas industry regulator, Clare Spottiswoode of Ofgas, and could result in a clash. Ms Spottiswoode could outlaw the price reductions if she decides the gas market in the South-west is still not fully competitive.

Centrica is expected to argue that competition has been firmly established with a quarter of

its direct debit customers now lured away by rival suppliers. In addition Ofgas surveys in the region have shown that customers are fully aware of the opportunities available, with nine in 10 able to name at least one rival supplier and eight in 10 of those who have switched supplier saying it was a very simple exercise.

However, rival operators have already served notice that they will fight to prevent Centrica being allowed to offer

lower prices, arguing that competition is still not properly developed. Calortex, which has about 40,000 customers in the South-west, says competition is not yet sufficiently established.

A second phase of trials began among another 600,000 customers in Dorset and the former county of Avon on 10 February and the trials will be extended to a further 900,000 households in Kent and Sussex from 7 March.

Observers believe Centrica

may lose market share more quickly in the south of England because there are more customers with larger bills paying by direct debit than in the South-west. Last month, rival suppliers in the South-west came under fire from the Gas Consumers Council for discriminating against customers on low incomes or benefit support by offering wealthier direct debit households prices which were up to 34 per cent cheaper.

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BBC pay-TV deal with Flextech close

John Willcock

The BBC's long-awaited deal with Flextech to provide its first fully-fledged pay-TV service is expected to be signed this week. It also emerged yesterday that Flextech, a media company which is 51 per cent owned by struggling American cable giant TCI, is putting up £20m in return for a 50 per cent stake in the venture that will run for 30 years.

The BBC and Flextech plan to brief City investors on the deal, which includes eight new pay television channels, next Monday. The two sides are optimistic that the new channels will be up and running on schedule this summer.

The channels will have access to the BBC's entire programme library, unlike UK Gold, which only has access to BBC programmes more than three years old. Programmes will be offered on digital cable, digital terrestrial and digital satellite. The venture represents the biggest foray yet by the BBC under the

stewardship of John Birt into the "digital future". The BBC may also look for slots on analogue satellite.

Three quarters of free cash flow from the joint venture will be repaid to Flextech, the pay-TV package, until the project breaks even.

Under the deal Flextech and TCI will secure a standby credit of around £100m to back the venture. One of the key aspects of the deal is that the BBC does not have to put up any money.

The deal has been the subject of lengthy and often controversial negotiations between Bob Phillips, chief executive of BBC Worldwide, the commercial arm of the BBC, and Roger Luard, chief executive of Flextech, and Adam Singer, president of TCI's international arm.

Under the deal Flextech will consolidate its ownership of two channels, UK Gold and UK Living. These are co-owned by the BBC, Flextech, Pearson and Cox Communications.

Flextech will buy out Pearson and Cox, who will both be left

with shares in Flextech. Greg Dyke at Pearson's TV arm will end up with a 7 per cent stake in Flextech. However, there will be a share agreement which will secure TCI's control of Flextech.

Initially the venture will produce five new channels: BBC Showcase, an entertainment channel, BBC Horizon, documentaries, BBC Style, lifestyle, BBC Learning, for schools, and BBC Arena, for the arts. Three further channels are scheduled: BBC Sport, BBC Catch-Up, for repeats of popular programmes within days of their original transmission, and BBC One, a TV version of Radio One.

One of the thorniest subjects of the lengthy negotiations will have been over programme licensing agreements (PLAs). The BBC has a PLA with UK Gold which must be modified to allow the new joint venture channels to proceed. UK Gold will have been concerned to see that the new channels do not diminish UK Gold's access to the BBC's library.



Digital future: John Birt (left), and Roger Luard are optimistic the channels will be up and running this summer

Rothermere descendants cash in with £160m Daily Mail placing

Tom Stevenson

City Editor

Seven members of the Rothermere dynasty are cashing in shares in the Daily Mail & General Trust worth more than £160m in one of the closest family group's biggest ever transfers of ownership.

A placing of 11 per cent of the tightly held newspaper empire's non-voting shares will bring new investors into the Daily Mail & General Trust group but analysts said it leaves the Harmsworth family's grip on the company undiminished.

The 10.2 million shares, worth £163m at last night's closing price of 1.597.5p, are currently held by a trust set up by the late Mary Viscountess Rothermere, third wife of the

second Lord Rothermere, who was father of the current chairman. An American, she brought six sons to her union with Lord Rothermere, adding a seventh, Esmond, from that marriage.

The seven are the main beneficiaries of the trust, whose largest asset by far is the Daily Mail shares. Most are US citizens aged between their thirties and fifties and currently living in America. Robert Fleming, which has advised them on the sale, declined yesterday to identify its clients.

Following the sale, which UBS and Cazenove are handling via a four-day book building exercise with about 50 institutions, Daily Mail's chairman, the third Lord Rothermere, and his family still control 56.6 per cent of the company's

voting shares and just over a quarter of the non-voting stock.

Their continuing control means the newspaper group has remained in family hands continuously since Alfred Northcliffe bought the business in 1896. After he died in 1922 his brother, the first Lord Rothermere set up the Daily Mail & General Trust as a vehicle for acquiring the paper so his brother's estate could pay death duties.

Oliver Pawle, at UBS, said there had been strong interest in the shares from institutions, many of whom have been unable up to now to acquire meaningful holdings in the tightly held stock. He expected to find eager buyers for the shares, a view backed up by Derek Terrington, media analyst at

Teather & Greenwood, who said a trading statement accompanying the announcement would support the shares at close to the £16.10p level at which they closed last Friday.

He said comments on improved classified advertising revenue at the national titles and at the regional Northcliffe Newspapers group were encouraging. He also expected the fall in newspaper prices witnessed across the industry since the new year to cut costs significantly.

Adrian Perry, group treasurer, said the fall in raw material costs would increase the proportion of profits coming through in the second half of the year to September. Last year the group announced profits before tax of £80m, up from £67m the previous year.

PLA offered compromise on pension compensation

Nic Cicutti

Pension providers were set on a collision course with the Personal Investment Authority yesterday over their attempt to persuade the regulator not to proceed with tough new deadlines for compensating victims of the pension transfer scandal.

A similar proposal, revealed in *The Independent* almost two years ago, foundered because companies were then insisting on their right to claw back any investment gains made by their funds, above any compensation paid.

A Legal & General spokesman said: "There is a lot of discussion to be held still, but we hope this will be taken as a positive idea."

By offering this guarantee companies hope to persuade the PIA to drop its demand that 90 per cent of serious pension cases, estimated at almost 400,000, must be completed and their policyholders fully compensated before the end of this year.

A similar proposal, revealed in *The Independent* almost two years ago, foundered because companies were then insisting on their right to claw back any investment gains made by their funds, above any compensation paid.

A Legal & General spokesman said: "There is a lot of discussion to be held still, but we hope this will be taken as a positive idea."

Indirect backing for the proposal came from Allied Dunbar,

whose group compliance officer, Andy Smart, said: "We are committed to ensuring that we put our policyholders right if we have disadvantaged them."

"If there are other ways of speeding up the process we will look at them."

It is understood that Standard Life and other leading insurers are discussing the proposals.

However, a PIA spokesman said yesterday: "Our view is that we will continue to require substantial progress in the majority of cases before the end of this year."

Insurance companies are now pinning their hopes on the Securities and Investments Board, the City's most senior regulator, being able to persuade the PIA to accept the compromise.

Former NatWest trader 'on leave'

Bill Treanor
Banking Correspondent

The interest-rate options trader at the centre of the £50m hole in NatWest Markets' options trading book was not at his desk at Bear Stearns, his new employer, yesterday.

A spokeswoman for the US securities firm refused to say if Kyriacos Papouis had been suspended as a result of the embarrassing problems at NatWest which surfaced late last week.

"I can confirm that he works at Bear Stearns although he is currently on leave pending further information," a spokeswoman said from Bear Stearns' offices in New York. Mr Papouis left NatWest last December to join Bear Stearns.

NatWest has refused to confirm he is the trader involved. Nor has the bank revealed the identity of a senior trader who has been suspended for "failure to supervise" the operation, although he is widely believed to be Neil Dodgson.

A spokesman for Mr Dodgson said he could not comment on the case but would co-operate fully with any investigations.

The £50m hole, which was revealed after the markets had closed on Friday, sent the bank's shares plunging as low as 713.5p at one point yesterday. The shares recovered some of those losses to end at 731.5p, off 27p.

NatWest Markets continued its internal investigation into the affair, which surfaced just days after the investment banking operation of NatWest reported a rise in pre-tax profits of more than 50 per cent.

The bank has hired external auditors to help with the investigation which could take several weeks, according to a NatWest spokesman.

The Securities and Futures Authority (SFA), the City regulator, and the Bank of England have been informed of the problems which surround the mispricing errors in its interest rate options book.



High profile: BT's campaign with Rory McGrath has been banned

Watchdog bites to ban 'unfair' BT promotion

Michael Harrison

BT was yesterday ordered to scrap a promotion offering customers a quarter off their telephone charges if they agreed to desert rival operators and return to BT.

The telecommunications watchdog Ofcom took the decision to ban the high-profile promotion featuring the comedian Rory McGrath after deciding that BT was in breach of its licence.

Ofcom initially agreed to let BT run the campaign after being assured that it would only be aimed at consumers without a telephone and that the

marketing spend would be a modest £180,000.

But it began to receive complaints from rival operators after the campaign turned into a full-scale multimedia exercise backed by a £2.5m budget designed to lure customers back from cable companies.

Don Cruickshank, the director general of Telecommunications, said: "Ofcom has ordered BT to stop the campaign immediately. We have acted firmly because the campaign is not fair competition between operators. I am disappointed that I have had to act in this way, not least because one of the consequences of BT's actions is that

some people without telephones will not now be able to benefit from the current offer."

Under the promotion customers who had had their BT line disconnected for at least three months could have it reconnected for the standard reconnection charge of £9.95 and then receive 25 per cent off all local, regional and national calls for the first quarter.

Ofcom concluded that the offer, which was due to run until 10 March, breached BT's licence because it would never be able to recover the money the promotion was costing from the customers it succeeded in taking on.

Last night a BT spokesman said: "We have received the order and will comply with it with immediate effect. From today all advertising, promotion and mailing promoting the offer will stop. However customers who have already signed up will still qualify for the special offer."

He added that BT would now look at its procedures to see how it came to be in breach of its licence and ensure it did not happen again. BT refused to say how many customers the offer had attracted, however.

This is the second time in recent months that BT has been slapped over the wrists by Ofcom and ordered to stop a pro-

motion. In October last year Mr Cruickshank instructed BT to withdraw a joint promotion with BSkyB offering customers who took part in its friends and family scheme discounts on BSkyB subscriptions and monthly telephone bill credits.

Bob Frost, chief executive of the Cable Communications Association, said: "It is appalling that BT has misled the regulator and the British public. Don Cruickshank has acted swiftly to defend consumer choice and fair competition, once again underlining the continuing need for effective regulation to stop dominant players abusing their position."

HSBC profits soar by 23% to £4.5bn

Bill Treanor

Profits at HSBC, the banking giant, soared by 23 per cent to £4.5bn in 1996, causing outrage among staff at its Midland Bank subsidiary who claimed there were plans to freeze the pay of more than one-third of the high street bank's employees.

Midland's pre-tax profits rose by 27 per cent to £1.28bn. It has reduced the number of staff in its branches by 19.1 per cent in the last three years, but at First Direct, its pioneering telephone banking operation, staff numbers have increased by more than 50 per cent.

"Staff are incensed by the freeze," said Alan Scrimgeour, assistant secretary at Bifu, the banking union. "They can't understand why a bank can treat staff so badly at a time of record profits and when shareholders are doing very nicely."

The bank is thought to have dished out generous bonuses to its investment bankers. City bonuses are concerning at the Bank of England which warned yesterday that some reward structures could have destabilising effects on financial institutions.

John Bond, group chief executive of HSBC Holdings,

said yesterday that the bank avoided these pitfalls. He revealed that any investment banker receiving a bonus of more than £100,000 will be paid half in stock, with deferred conversion rights.

"We work all the time to improve the control environment," Mr Bond said, adding the bank would analyse the problems experienced by NatWest Markets which has discovered a £50m hole in its options trading book.

"We don't like to see our competitors hurt in this way," said Mr Bond. "What we will do is as the facts become known, we will see how we would have coped in a similar situation."

HSBC made dealing profits of £515m in 1996, down from £533m the previous year. Net fees and commission increased 15 per cent to £2.75bn and rose in investment banking as a result of increased advisory business in Asia Pacific and continental Europe, more funds under management and "higher" equity market volumes.

Commercial banking is the group's primary business, however. It derives 55 per cent of its profits from the Asia Pacific region where it owns or has stakes in a number of banking groups.

STOCK MARKETS									
Index	Close	Day's change	Change (%)	1996/97 High	1996/97 Low	Yield (%)	Index	Close	Day's change
FTSE 100	4307.10	-1.20	-0.0	4357.40	3832.30	3.70	Nikkei	14800	-100
FTSE 250	4654.50	+0.10	+0.0	4665.00	4015.30	3.37	DAX	1800	-20
FTSE 350	2133.50	-0.50	-0.0	2150.60	1816.60	3.63	Hang Seng	10000	-50
FT Small Cap	2351.37	-2.53	-0.1	2356.22	1954.08	2.91	Shanghai	1000	-10
FT All Share	2107.27	-0.59	-0.0	2122.75	1791.56	3.57	Hong Kong	1000	-10
New York	6660.81	-16.93	-0.2	7087.46	5032.94	1.96	Frankfurt	3263.88	+4.22
Tokyo	18429.13	-127.87	-0.7	22666.80	17303.65	0.881			
London	13507.28	+108.56	+0.8	13868.24	10204.87	3.201			
Frankfurt	3263.88	+4.22	+0.1	3276.72	2253.38	1.511			

Source: FT Information

INTEREST RATES									
Index	1 Month	3 Months	6 Months	1 Year	2 Year	3 Year	5 Year	10 Year	30 Year
UK	8.0	6.68	7.24	7.82	7.33	7.98			
US	5.41	5.91	6.58	6.92	6.84	6.41			
Japan	0.56	0.59	2.41	2.32					
Germany	3.18	3.25	5.55	6.29	6.34				

CURRENCIES									
Index	1 Month	3 Months	6 Months	1 Year	2 Year	3 Year	5 Year	10 Year	30 Year
US	1.6315	+0.44c	1.5284						
DM	1.6025	unch	1.5285						
DM (London)	2.7542	+0.50p	2.2358						
DM (London)	1.6882	-0.15p	1.4759						
DM (London)	120.690	+0.2	105.456						
DM (London)	103.8	unch	99.6						

Source: FT Information

Source: FT Information

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Why London isn't calling the shots anymore

What's going to happen to Kleinwort Benson now? With its chairman, Simon Robertson, storming off in a huff because his new German masters would not allow Kleinwort to carry on doing its own thing, the outlook could hardly look more uncertain.

With the benefit of hindsight, it was naive of KB ever to believe it would be left to its own devices after being taken over by Dresdner Bank of Germany. There are few companies these days prepared to dole out the thick end of £1bn just to sit back and gaze in detached admiration at its new acquisition, rather in the manner of an old master.

But it was perhaps reasonable for Mr Robertson and his colleagues to believe Dresdner would want to use KB as the centre of its international investment banking and securities operation. That, after all, is what Deutsche was doing with Morgan Grenfell until the Peter Young fiasco so severely shook its confidence in the City. And that's roughly what Dresdner said it would do with KB.

The watershed for Dresdner may also have been the Peter Young fiasco. Certainly it is hard to imagine the Germans trusting such a vital group function as Treasury to its investment banking offshoot in London after this spectacular example of crookery compounded by negligence at the heart of Morgan Grenfell Asset Management. But there's probably a bit more to it than that. Things have changed quite a bit since Dres-

dner took over KB. Post the Peter Young affair it has become politically that much more difficult within these German banks to leave it all to London "because they are so much better at it than us".

Britain's progressive drift away from Europe has compounded the view in Frankfurt that these businesses are too important to be left to the Brits. The thinking behind Dresdner's falling out with Mr Robertson seems to be that London will become just part of a larger, global investment banking operation, reporting into Frankfurt like everybody else.

That's the backdrop. Overriding it was a very visible personality and culture clash. Not to put too fine a point on it, Mr Robertson, German speaker though he is, didn't take kindly to being bossed around by the Germans. Like many in Britain, he's highly suspicious of monetary union, believing it to be in part a disguised form of German imperialism. This was hardly a man likely to work happily with German masters.

Unlike many of his peers, KB has actually had a very good year. Dresdner's bid to consolidate its position does not coincide with disastrous losses or some kind of grand show of British incompetence. But it really makes no difference. This is what happens to companies when they sell their independence to the highest bidder. In differing ways, all the British investment banks to have sold out are being emasculated by their new foreign owners, their noble ambitions now just part of

a wider purpose determined not here in London but in Frankfurt or elsewhere.

Did anyone really believe it would be any different? Why yes. Those that ran our merchant banks thought they were clever enough still to call the shots, despite the fact that they no longer controlled the businesses. In the real world it doesn't work that way. As for Kleinwort, in a few years' time it will probably be known as Dresdner Kleinwort Benson. Ten years down the line, as likely as not, the KB name will have disappeared entirely. By then clients will be dealing with just another German bank with interests in the City. As usual, Britain will have been the loser.

Was NatWest unlucky or just sloppy?

Meanwhile, we've had another ringing reminder of quite how dangerous this business is for those who don't know what they are playing at. For NatWest, the discovery of a rogue trader dealing in interest rate options could scarcely have come at a more embarrassing time. Big bucks are being invested in NatWest Markets, the group's investment banking arm. Projecting it into the big league is a cornerstone of group strategy. Worse, news of the £50m provision came just days after the bank's top brass had assured investors that all possible precautions were being taken to guard against another Nick Leeson.

Are these affairs, then, essentially random in the way they hit, just part of the territory, or do they owe more to a particular way of operating which is sloppy, old-fashioned and unprofessional? Out of the cases which have so far come to light in the City, the evidence points strongly to the latter. Both Barings and Morgan Grenfell showed up severe weaknesses in management and control, compounded by the City's bonus-driven system of remuneration. We have yet to discover whether the NatWest case is far different.

What is certain is that the flight to size and quality among clients can only accelerate - size because it provides the capital to weather the storm without harming the interests of clients, and quality because those with wider reputations to protect across a range of businesses are going to be doubly careful about excessive risk taking and doubly vigilant in compensating clients when things do go wrong.

Ofgas must guard against discrimination

Beware of gasmen bearing low bills. Today, provided its regulator does not object, British Gas's renamed trading and supply arm, Centrica, will start offering households in the South-west of England gas that is at least 10 per cent cheaper than it was yesterday. For the average domestic customer that is a saving of £30-£40 a year.

There is, however, something not quite right here. The South-west is the area of the country that is furthest away from where gas is landed on the east coast so, by rights, it should cost more, not less, in Devon, Cornwall and Somerset to reflect the extra cost of transporting it longer distances. The reason Centrica wants to charge less is because it is facing competition in the South-west. It is beginning to hurt and will get worse when competition takes hold in the South as well. Rival suppliers see Centrica's tactics as an attempt by a still-dominant supplier to snuff out the competition before it is properly established.

It will fall to Clare Sportswode of Ofgas, whose relations with British Gas have not always been silky smooth, to arbitrate. She will need some compelling arguments as to why Centrica should be allowed to tear up the principle of uniform tariffs. BT has tried the same thing on in the past, arguing that some customers are more expensive to service than others only to be repelled, rightly, on the grounds that this is the price a dominant supplier must pay for the advantages that a nationwide network confers. The same arguments do not apply to Centrica which gains little advantage from supplying homes in John O'Groats as well as Land's End.

Instead, what the regulator must guard against is allowing Centrica to price differentially in a way that discriminates unduly against customers in different regions and income brackets. Today's price cuts will not last forever if the competition is nobbled.

Interim buys Page in £346m cash deal

Clifford German

Michael Page missed out sharing in a £7m bonanza yesterday after the eponymous executive recruitment agency he founded 20 years ago was sold to Interim Services, a US-based agency, for £346m in cash, 17-times the value of the company only four years ago.

Mr Page bowed out of the headhunter in September 1995, at the age of 50, selling his shares at the time for only about a third of the 557p, including a final dividend of 7p. Interim is paying.

But chief executive Terry Benson, who joined the firm in 1979, and finance director Ian Nash will share £7m between them in shares and options. Terry Benson alone has 900,000 options bought at 2p a share.

The bid price is 55p above the closing price last Friday. A year ago the shares were trading at 180p, two years ago at 113p and four years ago, in the trough of the recession, they bottomed out at 33p.

Recruitment agency shares are enjoying being flavour of the month with City institutions, riding the boom generated by economic recovery, record company profits and soaring City bonuses.

Michael Page, which specialises in junior and senior management placements in the salary range between £20,000 and £100,000 a year, achieved a record profit before tax of £30.4m last year, an increase of 71 per cent.

Earnings per share rose 71 per cent to 31.5p, net cash reserves went up 57 per cent to £41m, and the dividend for the year is up 80 per cent to 9p.

Business boomed in the UK, which accounts for 64 per cent of group profits. Overseas markets also enjoyed a boom, including Netherlands, France, Australia and Hong Kong and

only Germany remains a difficult market. The group pushed up operating margins from 16.1 per cent to 20.3 per cent of turnover. In 1991 it was just 3 per cent.

But Mr Benson himself admits "at the recruitment business is highly cyclical and the opportunities to expand margins further are limited."

Analysts said yesterday Interim had paid a very full price for Page. The cash consideration will take its gearing to more than 100 per cent. Demand for executives has outpaced supply, and the cost of recruiting has begun rising steadily. Michael Page increased its own staff numbers by 30 per cent last year to over 800. But further growth is still possible, according to analyst Will Wallace at SG Warburg. He has raised his forecast for the current year from £31.5m to £35m.

Michael Page will retain its separate identity and the two executives will remain on one-year rolling contracts on the same terms as before. The two businesses are complementary,



Headhunter Terry Benson: Set to bag a share of the £7m windfall from the sale Interim Services

Interim's president and chief executive Ray Marcy said yesterday.

The takeover will allow Michael Page to expand into the US market and Interim which

specialises in blue collar recruitment, contract workers and healthcare, to tap the UK market. Michael Page could open in New York by the late summer.

Whitehead Mann plans flotation

While Michael Page yesterday announced its exit from the stock market, the rival Whitehead Mann recruitment group issued its pathfinder prospectus with the aim of raising between £20m and £25m from a flotation later this month, writes Clifford German.

Clive Mann, chief executive of Whitehead, said the flotation would aid expansion plans. Whitehead, which operates out of London and Solihull, is planning to open an office in Leeds and could grow its workforce from 80 to 120 in two years, he added.

Mr Mann, his wife Anna and director Nigel Smith will

see their shareholdings reduced from 73.6 to 37 per cent, netting up to £7m from the flotation. The pathfinder includes a forecast for the profit for the financial year to the end of this month of £2.4m, before flotation expenses.

The company, which finds executives to fill some of the top board positions in the UK and can claim as clients over 40 of the UK's FTSE 100 companies, is ranked third in the British recruiting market, according to a recent survey carried out by the Economist Intelligence Unit.

Analysts, however, have warned that the recruitment market suffers from cyclical

- in particular suffering in recessions. But Mr Mann said "a recession is not necessarily bad for us" as companies in trouble tend to have boardroom shake-ups. He conceded, though, that in 1990 business did decline very slightly and the rate of growth was below par in 1991.

Mr Mann said the company is primarily interested in looking for executives to fill jobs with pay packages worth £90,000 and over - the average worth of a contract that the company finds someone to fill is £130,000, and executive search work accounts for 68 per cent of group turnover and gives rise to 70 to 80 per cent repeat business.

Slow rise in consumer credit

Yvette Cooper

Manufacturing industry continues to grow strongly, the housing market continues to pick up, but consumer credit is weaker than expected according to figures released yesterday. The data gives the Chancellor of the Exchequer more reason to hold when he meets Eddie George, the Governor of the Bank of England, this week.

Output and orders in manufacturing industry, measured by the Purchasing Managers Index, grew at the same pace in February as they did the month before. Consumer credit rose by £853m in January, but the increase was lower than many analysts had expected.

M0, a measure of the amount of money circulating in the economy, grew by only 0.2 per cent in February, less than in previous months, pushing the annual rate down from 7.3 per cent in the year to January to 6.5 per cent in the year to February. "These results are better than expected," said Simon Briscoe of Nikko Europe. "It was a little piece of good news for the Chancellor."

David Walton of Goldman Sachs said the results were surprising: "We would have expected to see weak manufacturing and strong consumer demand. These figures seem to indicate the opposite."

Kenneth Clarke, the Chancellor, is expected to keep interest rates steady when he

meets the Governor on Wednesday, despite Mr George's persistent pressure for a small rate rise. Speaking to the annual dinner of the British Retail Consortium last night, Mr Clarke said: "I am reassured by the exceptional lack of inflationary pressures in the pipeline."

The Purchasing Managers Index provided support for the Chancellor's position, as it showed the price index falling from 43.1 in January to 39.7 in February. Analysts said the fall reflected lower import prices thanks to sterling's depreciation.

The main PMI index remained roughly steady at 53.5 in February compared to 53.9 in January, revealing that the manufacturing sector continues

to expand. According to the PMI report: "Producers of investment goods were the only companies to see a strengthening of export demand in February."

Meanwhile domestic consumer credit grew steadily in January, although not as fast as analysts had predicted. Consumer credit rose by 16.7 per cent since last January, only marginally higher than last month's figure of 16.6 per cent growth in the year to December.

Within the overall figures, credit card spending was its lowest for a year, at £88m, however mortgage borrowing grew strongly. The number of net new commitments to lend mortgages rose by 97,000 in January, up 18 per cent on a year ago.

HSBC Holdings plc



Results for 1996

Comment by Sir William Purves, Group Chairman

For the year	1996	1995
Profit before tax	£4,524m	£3,672m
Profit attributable to shareholders	£3,112m	£2,462m
Earnings per share	117.61p	94.01p
Dividends per share	41.00p	32.00p
Capital resources	£23,486m	£21,324m

"The good results of HSBC Holdings in 1996 demonstrated solid growth in our business and improved profitability in all of the major geographic regions where we operate."

"The Board of Directors has declared a second interim dividend (in lieu of a final dividend) of 26 pence per ordinary share payable on 30 April 1997, about a month earlier than in previous years."

"This excellent performance would not have been possible without the many contributions of our staff around the world, and the Board thanks each and every one of them."

"Despite intense competition in all of our markets, our net interest margins improved, although, as expected, there was some contraction in Hong Kong in the second half of the year. Costs were well controlled."

"While we are satisfied with the Group's performance, 1997 will be a year filled, for us, with challenges and opportunities, marked, most importantly, by the transition of Hong Kong to a Special Administrative Region of the People's Republic of China."

"Around the world, financial markets are consolidating and new competitive threats are arising from non-traditional participants in those markets. I am optimistic and confident that we have the people and the financial strength to meet the challenges and take full advantage of the opportunities that lie ahead."

- Pre-tax profit up 23% and attributable profit up 26%
- In Hong Kong dollar terms pre-tax profit up 22% and attributable profit up 25%
- Earnings per share up 25%
- Dividends per share up 28%
- Second interim dividend of 26 pence per share, with scrip dividend alternative
- Total capital ratio 15.3% and tier 1 capital ratio 9.9%

Copies of the full results announcement may be obtained from Group Public Affairs, 10 Lower Thames Street, London EC3R 6AE, United Kingdom. The 1996 Annual Report and Accounts will be sent to shareholders on or about 25 April 1997.

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Registered in England: number 617987
Registered Office and Group Head Office: 10 Lower Thames Street, London EC3R 6AE, United Kingdom

Northern Rock to pay £1,500 in shares

Jim Treanor
Banking Correspondent

Retailers in the North-east are anticipating a mini-boom after Northern Rock Building Society floats on the stock market in the autumn and distributes free shares worth almost £1,500 to each of its members.

Northern Rock, based in Newcastle, is the smallest of the societies which plan to convert to banks this year but is paying out the greatest windfall to its 900,000 members, half of whom are in the North-east of England. The flotation is scheduled for 1 October.

The transfer document, published yesterday, unveiled a "flat" distribution scheme similar to the controversial one chosen by Alliance & Leicester. Regardless of the balance in their accounts, all eligible savers and borrowers with Northern Rock will receive 500 shares.

David Baker, executive director of Northern Rock, said this distribution scheme for the shares was the most suitable for members.

In a bid to avoid controversy caused by the inability of other converting societies to distribute free shares to some disabled members, Northern Rock intends to give a £1m donation to charities for the disabled and their carers.

One in three households in the North-east is expected to receive the shares, which are forecast to be worth between 260p and 295p. The total value of the allocation will be worth between £1,300 and £1,475.

The exact value of the shares will be known on 1 October when the society expects its stock market flotation to go ahead. Members must vote on the flotation plans by post by 12 April or at a meeting at Newcastle Arena on 15 April.

Millennium profits rise catches City out

Tom Stevenson
City Editor

Millennium & Copthorne, one of the most successful of last year's clutch of hotel industry flotations, left analysts forecasting a sparkling set of full-year figures. The City shrugged off news that the company's chief executive was to leave within three months, as soon as a replacement can be found.

Edouard Gremlich joined Millennium's former parent, Singapore-based CDL, three years ago and was given the remit of building up the company in preparation for a flotation. Having done so, and seen the company's shares prosper in its first year on the London market, he wanted to spend more time with his family in Boston. He leaves a hotel group, mainly London- and New York-based, but with a chain of UK

provincial hotels and a handful of sites in France and Germany, which saw profits grow 63 per cent to £23m in the 12 months to December. Analysts, who had expected profits of around £34m, were busy upgrading their forecasts for the current year to as high as £48m.

Millennium's shares closed 6.5p higher last night at 383p, well above the 278p at which they were placed last April.

Profits were driven by high levels of occupancy, even in London where an extensive refurbishment programme put its Gloucester and Bailey's hotels out of commission during the year, and rising room rates. In London the achieved rate rose 15 per cent from £62.85 to £72.19. Revenue per available room increased by 12 per cent in London, 16 per cent in the UK provinces and by 10 per cent in New York.

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business

Chiroscience shares go on roller-coaster on trial news

Magnus Grimond

Shares in Chiroscience jumped nearly 7 per cent at one stage yesterday after the biotechnology group said it was ready to start human trials of a competitor to British Biotech's Marimastat anti-cancer drug.

Dr John Padfield, chief executive, said they had selected two so-called matrix metallo-proteinase (MMP) inhibitors, the same class of drug as the one which recently sent British Biotech to the verge of mem-

The Roslin Institute, the government-financed research centre near Edinburgh which developed Dolly, the cloned sheep, yesterday denied a weekend press report that it was to float on the stock market, writes Magnus Grimond.

The news came as shares in PPL Therapeutics, Roslin's commercial partner in the project, slumped 82.5p to 430p, wiping out some of the gains since soaring after last week's announcement that Dolly had become the first animal to be cloned.

Shares of the FTSE 100 index, for early stage trials in human volunteers starting later this year. But some analysts expressed disappointment the tests were not starting earlier and profit-taking later hit the shares, which have soared from 320.5p in early February, and they ended the day down 15.5p at 397p.

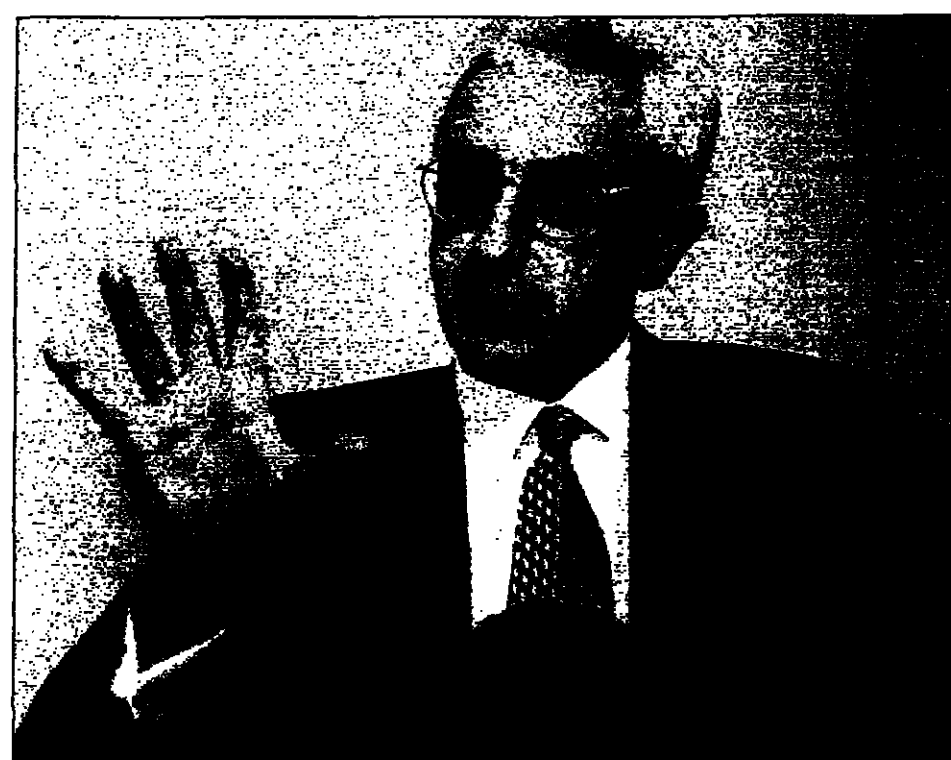
Dr Padfield said the importance of drugs of this type in the battle against cancer was becoming more widely appreciated.

It was less efficacy and increasingly side effects that was the key question. "The two compounds [we have identified] have shown no undue side effects, particularly with respect to joint pain."

Recent test results from Marimastat showed that up to a third of patients suffered pains in the arms and shoulders after three to five months' use of the drug. Dr Padfield said their tests using monkeys showed no undue side-effects after three months of its treatments, code-named D1927 and D2163. "We are confident that it will have a good safety profile in man."

Unlike Marimastat and other MMP drugs, the Chiroscience compound is not based on hydroxamic acid, which appears to be associated with the joint pains. Dr Padfield said. However, he admitted they would not know definitively how the drug performed until it was tested in cancer patients and many analysts said the drug was at a very early stage.

More of the company's immediate hopes are pinned on Levobupivacaine, a more chemically pure form of the long-acting local anaesthetic bupivacaine. Dr Padfield reported "excellent" progress with the drug, with reduced side effects and equivalent anaesthetic potency. Results of recent phase III trials will be published in April and it could be on the market late in 1998, he said. The current market of \$300m to \$250m could grow to \$800m or \$900m over the next years if the drug widens the markets in areas like eye and dental surgery and post-operative pain.



Dr John Padfield: Believes he may have the drug to rival Marimastat in cancer treatment

One analyst said he was a buyer of Chiroscience principally on the back of Levobupivacaine. "We believe the prospects for that account for a significant slug of its present market capitalisation."

Dr Padfield promised news in May of the progress of research with Darwin, the US drug discovery group which brought Microsoft founder Bill Gates in as a shareholder when it was acquired in November.

The shares of two other biotechnology companies fared better yesterday as both Vanguard Medica and Alizyme reported their maiden annual results since floating last year. AIM-listed Alizyme's shares gained 3p to 35.5p yesterday despite news that co-founder and chief executive Andrew Porter was stepping down. He will continue to act as a non-executive director. He is being replaced by Richard Palmer, a former re-

searcher with Glaxo Wellcome, who has been chief operating officer since September. The company announced a £1.02m loss for the six months to December. Meanwhile, Vanguard saw its shares rise 2.5p to 682.5p after it said SmithKline Beecham had confirmed its intention to take up the worldwide marketing rights for its VML 251 anti-migraine drug. Pre-tax losses rose to £11m for the year to September, from £3.67m before.

IN BRIEF

British Petroleum and Royal Dutch/Shell have discovered a third oilfield west of Shetland. The companies said an exploration well had encountered a potentially commercial volume of hydrocarbons on UK block 204/19. The discovery, named Sullivan, lies to the north of the Foinaven and Schiehallion fields, some 100 miles west of Shetland. Although the well was not tested, the log and core data confirmed the presence of hydrocarbons, the companies said. Richard Oliver, deputy chief executive of BP Exploration, said: "This is an encouraging discovery."

SIG, the building products group, has sold its security and hardware division to a management buyout team, led by David Hunt and backed by NatWest Ventures, for £65m. Bill Forrester, chief executive of SIG, said the company would require a 15 per cent return on any acquisitions it made with the proceeds of the sale of SIG Architectural Products. "We are looking for bolt-ons that would raise average return to shareholders," he said and added that SIG Architectural Products was producing a return of only 10.5 per cent on the value placed on it by the buyout team.

Traders who have lost out in barter transactions will be able to obtain bad-debt relief for VAT following a European Court of Justice ruling in favour of jewellery chain Goldsmiths. The company's advisers, accountants Ernst & Young, argued that the UK Government had exceeded its authority in claiming that repayments could only be made if the transaction involved money.

Newman Tunks, which has agreed to be taken over by Ingersoll-Rand, said the cost of defending the hostile bid made by FKI was £9.3m. Full-year results from Newman showed that operating profits rose from £19.3m to £20.6m, but the pre-tax result fell from £27.2m to £16.3m after £11.8m of exceptional charges, against £10.1m of credits last time. Total dividend rises from 6.9p to 8.025p.

Granada has sold the Plaza Athenee Hotel in Paris to PA Holdings France for £45m. The Plaza Athenee is part of the Exclusive portfolio and PA Holdings is controlled by a group of Brunel-based investors. In the last full 12-month trading period to January 1996, the Plaza Athenee made £200,000 before tax from £21m of turnover, and had net assets of £35m.

European Leisure announced an increase in first-half taxable profits from £2.2m to £3.04m. Interim dividend is being restored with a 1p payment. Ian Rock, chief executive, said that since the new year, American Pool Bars, Snooker Clubs and Maygay had traded well, although turnover in the bars and discotheque business continued to be below earlier expectations.

Yorkshire Water started to buy back almost 367 million 'B' shares at 30p each. The shares represent about 89 per cent of the 'B' shares in issue and will be cancelled.

Inspec, the chemicals group, reported a slight increase in full-year pre-tax profits from £31.1m to £32m. Total dividend is 6.3p, up from 6p. John Hollowood, chairman, said the strength of sterling presented the group with a challenge but added that the benefits of organic growth would help mitigate the impact of the current level of exchange rates.

Lorbro has increased its interest in The Sugar Corporation of Malawi from 51 to 60 per cent and in Dwangwa Sugar Corp from 27 to 49 per cent for a total of £18.1m in cash.

Company Results				
	Turnover £	Pre-tax £	EPS	Dividend
Alzheim (F)	191m (-)	1.01m (-)	-6.0p (-)	-
Astec International (S)	559.4m (538.7m)	581.5m (550.1m)	0.86c (0.84c)	37.5c (37.5c)
Armstrongs Foods (F)	81.32m (81.22m)	36.5m (32.1m)	17.76p (15.40p)	4.5p (4.1p)
Bluebird Toys (F)	67.7m (67.3m)	9.53m (17.8m)	14.7p (26p)	9.0p
British Polythene (F)	472m (352m)	28m (25.1m)	47.07p (47.35p)	18.25p (16.5p)
British Roadways (F)	70.52m (63.9m)	-7.03m (133.000)	-6.3p (nil)	-
Brown & Wood (F)	72.2m (66.5m)	8.4m (5.8m)	8.6p (5.5p)	2.9p (2.9p)
Comentech (F)	19.9m (18.3m)	860.000 (556.000)	3.1p (2.51p)	1.5p (1.4p)
Close Brothers (F)	- (-)	29.2m (21.7m)	15.31p (13.54p)	3.8p (3.2p)
Corwall Partners (F)	45.25m (41.54m)	7.23m (3.37m)	13.0p (7.00p)	1.0p (0.3p)
Forrester (F)	2.45m (2.53m)	594.694 (511.845)	4.85p (4.01p)	1.0p (nil)
Forrester Homes (F)	12.24m (8.82m)	1.01m (21.000)	14.6p (12.4p)	3.3p (2.5p)
GGT Group (F)	170.5m (155m)	3.4m (2.9m)	7.88p (7.47p)	2.3p (2.1p)
Hays (F)	542.6m (485.8m)	64.2m (60.8m)	10.9p (10.3p)	3.0p (2.6p)
HSBC (F)	- (-)	4.52m (3.77m)	117.61p (94.01p)	41p (32p)
Inspec Group (F)	301.1m (195.5m)	33m (31.1m)	18.24p (17.94p)	6.3p
Lifescan (F)	97.25m (83.67m)	1.35m (3.96m)	1.7p (8.4p)	4.85p (4.85p)
Michael Page (F)	742.1m (103.8m)	30.4m (18.4m)	31.5p (18.4p)	9p (5p)
Millennium & Cop. (F)	179.3m (158.2m)	38m (4.4m)	23.7p (10p)	4.7p (3p)
Norwanna Textiles (F)	258.8m (231.5m)	6.3m (27.2m)	-0.47p (14.11p)	8.025p (6.5p)
Parkside Foods (F)	466.2m (430.7m)	23.5m (21.9m)	8.5p (8.2p)	4.5p (4.5p)
Shawcross Ltd (F)	24.83m (26.25m)	1.1m (1.2m)	19.2p (-)	4.5p (3.75p)
Vanguard Medical (F)	10.99m (10.99m)	-10.99m (-3.67m)	-53p (-33p)	-

(F) - Full (F) - Interim (M) - Nine months (S) - Split period

New team helps Close Bros interims rise 30%

John Willcock

Close Brothers, the niche merchant bank, pleased investors with better-than-expected half-year results, with particularly good earnings from the Hill Samuel corporate finance team it acquired from Lloyds TSB last year. The shares rose 6.5p to 387.5p yesterday in a flat market, after it unveiled pre-tax profits for the six months to 31 January 1997 up 30 per cent at £28.2m.

This was well ahead of forecasts of £25m to £26m. Asset finance, Brian Winterflood's market-making business, and merchant banking improved their performances.

Rod Kent, chief executive, said: "Merchant banking improved its share of our profits, up from 22 to 26 per cent. The five-strong team from Hill

Samuel has fitted in well with our smaller operation, and together they've completed 18 deals worth over £1bn in the half year."

He added: "I think some people may have been worried that the move to an order-driven system in the stock markets may have hit Winterfloods, but now it looks like order driven won't be used for the smaller cap companies which Winterfloods specialises in."

Close Brothers' earnings per share rose 21 per cent to 15.31p, and the half-time payout was raised 19 per cent to 3.80p.

The figures had analysts upgrading their forecasts for the full year. Robert Mumby of BZW said: "These were a very good set of results across the board, and ahead of my estimate of £26m. The share price could go higher by 10 per cent by the time of the finals."

Mr Mumby discounted the possibility of a bid for Close, saying its businesses were "too specialist. It wouldn't be a strategic acquisition for anyone."

Mr Kent also thought a bid unlikely, but added: "God and other banks move in mysterious ways."

Mr Kent warned that "although the forthcoming general election may cause a temporary slowdown in some of our businesses, the UK economy remains strong and we remain confident of our prospects."

Martin Cross, an analyst with UBS, said that the only drawback to the bank was that 100 per cent of its business was in the UK. "A new government may put the brakes on corporate activity. But the second half looks to be more of the same and I'm raising my estimate for the full year by 10 per cent to £54.5m-£55m."

Family makes £50m as PCB buys Forward

Forward Group, the maker of printed circuit boards, yesterday agreed to a £129m takeover bid from PCB Investments of the US, a deal that will yield more than £50m for Raymond Chamberlain, chairman, and other family members. The 230p share bid comes just three months after Forward's shares were sent plunging from 263p to 110p after the company issued a profits warning.

Mr Chamberlain owns 6.6 million shares, worth £15m on the bid terms, and his family owns a further 15.3 million. Together with acceptances by other directors, PCB is virtually home and dry with over 40.3 per cent of Forward's equity.

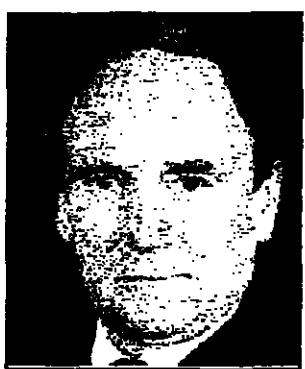
PCB, a company established by private US investment fund - Hicks, Muse, Tate & Furst Equity Fund III - said it intends to use the takeover as a springboard to launch into the European electronics market where it sees "excellent opportunities" for growth, according to Daniel Dross, vice chairman. PCB owns Viasystems, which was poised to compete head-on with Forward.

The offer represents an exit multiple of 23.5 times based on Forward's estimates of pre-tax profits of £8m and earnings of 9.8p per share for the financial year ended January. Forward's shares rose 61p to 225p yesterday.

Martin Glanfield, finance director of Forward, said he thought the offer price was "fair" given the current uncertainty surrounding the electronics industry and the market for semiconductors generally.

"There has been some improvement in the market over the past two months, but it's too early to say whether this can be sustained. Furthermore, Viasystems is set to become a key player in Europe and we had to ask ourselves whether we wanted to compete against them or join forces," he added.

Serious talks between the two sides started three weeks ago. Mr Glanfield said the board had extracted a better price from PCB than originally



Raymond Chamberlain: His stake is worth £15m

tabled. "We did not start negotiations at 230p... we managed to squeeze more out of them." Mr Dross said the combination of Forward with Viasystems would create a global force in the manufacture of printed circuit boards. "The merger will allow us to improve our purchasing power with suppliers, while there are unique technologies pertaining to both companies which can be utilised."

GGT to pay £96m for ad group

The long-awaited takeover by GGT Group of the BDDP advertising group in France was finally announced yesterday. The £96m deal comes almost six months after dealings in GGT shares were suspended at 222p, and during which time sterling has appreciated 16 per cent against the franc.

GGT accompanied the deal with a placing and open offer priced between 220p and 280p, a share to raise £55m, and an announcement that profits for the half year to last October rose from £2.9m to £3.4m before tax. The interim dividend rises from 2.1p to 2.3p.

Further funding for the deal will come from a £67m new medium-term multi-currency credit facility arranged through ING Barings.

Part of the facility will also be used to repay bank debt currently provided by a syndicate of banks to BDDP and amounts currently outstanding under a revolving credit facility currently provided to GGT by Bank of Scotland.

It is expected that completion of the acquisition will occur and that dealings in the existing ordinary shares and the new ordinary shares will commence on 3 April.

GGT said that to attract and retain clients in an increasingly global market, it was important to strengthen the group's international presence. For the year ended December 31 1995, BDDP's consolidated revenues were approximately Fr1.14bn (£123m).

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

A bargain to be made in Hays while it's marked down

The markdown yesterday in Hays' share price was a rather curiously timed response to another set of solid figures. The markets chose to ignore the underlying 18 per cent increase in interim profits to £72m, concentrating instead on the higher-than-expected exceptional charges Hays incurred in respect of the aborted bid for fellow logistics group Christian Salvesen and the integration of the newly acquired courier business ICS.

A better figure to have concentrated on would have been the thumping great earnings multiple being forked out for the executive recruitment group Michael Page, which rather puts the value of Hays' own personnel services division into perspective.

Profits here increased by a third, and whereas Michael Page is being bought up at the top of the cycle, Hays' concentration on placing lower grade staff in temporary employment makes it less vulnerable to the next downturn or a few star performers taking their client base elsewhere.

Nor should an incoming Labour government armed with a national minimum wage and the Social Chapter hold any fears for Hays since, if anything, employers will be encouraged to employ more part-time and contract staff.

As for ICS, which specialises in door-to-door deliveries, the £5m rationalisation charge being taken in the half-year seems a small price to pay. ICS is capable of turning in profits of £9m a year, suggesting that Hays got rather a bargain in paying £65m for the business last September.

While office support services such as mail delivery are likely to prove the area of biggest growth, it would be wrong to ignore the vast potential that continues to lie within Hays core distribution and logistics business. In particular, Hays has succeeded in cracking the vast German retail market with a five-year contract to develop and manage two large distribution centres for the supermarkets and DIY chain Kiebaun.

For no capital cost, Hays has secured itself a toehold in the biggest retail market in western Europe. If its experience in France, where Hays has a relationship with most of the top retailers, is anything to go by, then this could be the start of a very successful and profitable foray not just into Germany but further east.

There is still some lingering

disappointment that Hays never consummated the Salvesen deal. Despite having the firepower to pull off a big one with interest cover running at a colossal 16 times earnings, there were few hints yesterday that Hays plans to depart from its strategy of organic growth and modest bolt-on acquisitions.

This may not set the pulse racing but, as the share price graphic shows, it has served investors well. Profits of £155m for the full year and £176m in 1996 put the shares on a forward multiple of 21 times earnings, falling to 19. You can buy cheaper but you cannot buy better.

BPI wraps up Europe

With very little fanfare, British Polythene Industries has grown to become not only the UK's but Europe's biggest producer of polyethylene film, a ubiquitous if mature product used in the wrapping of everything from bread to slugs. This commanding position has been built on the back of a steady programme of vacuuming up the smaller fry in the UK industry at keen prices. Under chairman Cameron McLatchie, British Polythene has completed over 50 acquisitions in the last 10 years or so, with £23m being spent on 11 buys last year alone.

But, surprisingly, BPI has until now never made a purchase on the Continent. That is being put right with yesterday's announcement that it has agreed to pay around £14m - equivalent to net asset value - for Wavin, a Belgian industrial film and sack business. The operation, which traded around break-even last year, adds turnover of £47m and looks like a typical BPI turnaround acquisition which should provide a beach-head for further European expansion.

Back home, the company continues to demonstrate its ability to squeeze money out of an extremely competitive market. Pre-tax profits up 12 per cent to £28m in the year to December included only £170,000 from last year's acquisitions.

Those purchases are a downy for the future. Bringing them up close to group margins of around 8 per cent over the next few years should add an additional £6m or so to the bottom line, for an investment of £2m in the latest two half years. But yesterday's fig-

ures also contain a reminder that buying cheap can have its pitfalls.

Reorganising Parkside, a confectionery so flour bags producer acquired in November 1995, kept it in loss last year, although BPI expects a £1m turnaround into the black this year. More seriously, it is warning that the Eastern confectionery bag business, already two thirds of the market, is being exacerbated by cheaper polymer costs there and the strong pound. So this year will see another £2m being spent reorganising the Alida Packaging and Bibby & Baron businesses, shedding jobs and concentrating on higher-margin promotional bags.

The extra costs have led Merrill Lynch to shave its forecast by 10 per cent to £29m yesterday, putting the shares down 34p at 705p on a forward p/e of 15. Even with turnover approaching £500m, the shares are high enough.

Family values at Millenium

Chief executive Edouard Grenmlich's decision, genuine in this instance, to spend more time with his family is a blow to Millenium & Copthorne but one that the market took in its stride yesterday. The shares, which have motored since last April's placing at 278p, closed another 6.5p higher at 383p as analysts focused on a sparkling set of results for the year to December.

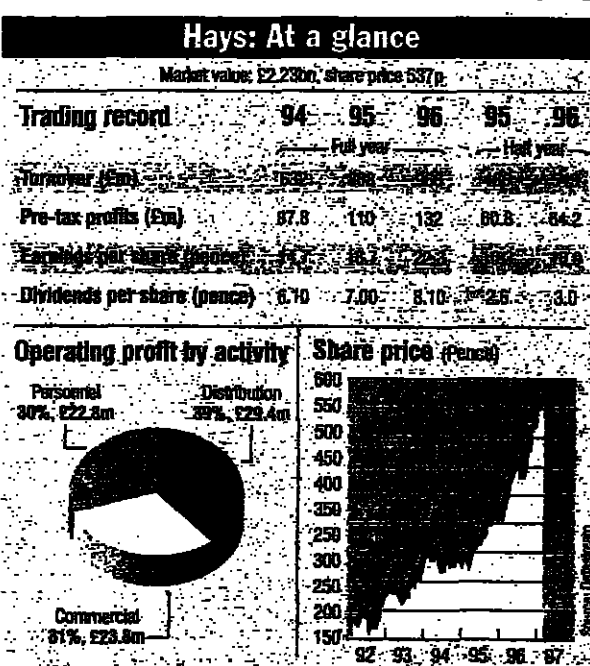
Pre-tax profits of £39.3m were 63 per cent higher than 1995's pro forma £24.1m and well ahead of expectations which had left brokers a good £5m behind the game. Earnings per share of 23.7p left the 4.7p dividend for the eight months since flotation well covered. Arguably the best of last year's pack of hotel floats, M&C has not put a foot wrong since coming to the market.

As in any property-based business, the keys to the success of a hotel chain are location, location, location. With two thirds of its revenues coming from the booming London and New York hotel markets, Millenium has been in the right place at the right time. Despite heavy refurbishment programmes, occupancy in London remained safely above 80 per cent and even in the provinces, where weekend bookings are hard to come by, the Copthorne hotels were three-quarters full.

Just as important, the room rates achieved for those rooms rose in all four of the group's markets, even in France and Germany. In London there was an impressive 15 per cent rise to £72 a room and the increase is still under way, the company says. Booming markets are doubly good for a high fixed-cost business like a hotel and Millenium reckons it converted two thirds of last year's extra sales directly into profit.

Looking ahead, the company is sticking with its prudent refusal to pay the frothy prices being demanded by hotel vendors and reckons it has plenty to go for internally. Certainly much of the benefit of the refurbs is still to show through.

That should make Kleinwort Benson's forecasts of £48m this year and £57m in 1998 look conservative, compared with an earnings growth rate three-times the average. Good value.



Bluebird profits dive as unsold stock builds up

Bluebird Toys, once a darling of the stock market, yesterday announced a 35 per cent drop in profits as a slump in the British toy market left the company with stocks of unsold goods.

The company, which designs and sells miniature toys based on Walt Disney, Batman and other characters, said pre-tax profits before exceptional charges were £11.03m, down from £17.8m a year earlier and the £19.7m made in 1994. The shares gained 2.5p to 185p, but stand well adrift of the 375p peak they hit just before Christmas in 1995.

Bluebird's results come after a mixed year for toy retailers. Many reported lower-than-expected sales at Christmas, when

they can make as much as half of a full year's profit, as consumers held back on spending. Hamleys, the UK's largest toy store, said in January it was disappointed with a 3 per cent year-on-year rise in Christmas sales.

Despite the profit setback, however, Martin Bunting, chairman, said the stock problems at Bluebird had largely been overcome. New products such as miniature Disney toys and toys based on Marvel comics such as Spiderman should lift sales this year, he said. Stock levels this year are "much closer to optimum".

He said: "We have a very focused, newly streamlined and cash-generative business which should allow us to capitalise on

the many opportunities for the continued development of Bluebird."

The company took an exceptional charge of £1.1m to close a distribution and manufacturing site in Wales.

Mr Bunting said: "The decision to leave Dragonair has been a difficult one to make and is a result of changes in market conditions and a consequential change in the nature of our business."

Shareholders will receive an unchanged 9p dividend, covered less than twice by earnings per share that fell from 24.2p to 16.4p. Bluebird intends to seek a further share buy-back authorisation at the next annual general meeting.

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business

Reasons to be cheerful about the recovery's future prospects

Surprise, surprise – and this time a couple of encouraging ones as far as the UK is concerned. It is always comforting to economy-watchers when something you think intuitively ought to be happening has in fact started to do so. We are just starting to get two pieces of evidence which suggest the recovery may be able to carry on longer without hitting capacity restraints and pushing up inflation. The evidence is, to be fair, pretty thin, but if it is right it is hugely encouraging. The longer the recovery can be sustained, the more manageable potential worries like the size of the public sector deficit become.

The first bit of evidence concerns investment, the second wages. Let's start with investment. In previous economic downturns, investment has tended to fall at the wrong time: they would wait until the factories were running at full tilt or they needed more office space, then start planning. The result was usually that the factory would be ready just in time for the next downturn and the office blocks would sit empty for the next five years.

In the present cycle, however, they seem to have wised up. Instead of increasing their investment at the wrong time they have not increased it at all. Recent pessimistic predictions that the economy will run into capacity constraints, inflation will start to rise and so on.

There has, however, been an optimistic response to this, which is to say that the nature of investment in a predominantly service economy is quite different from a predominantly manufacturing one. Investment in service industries, which one exception, is largely in intangibles, things which are difficult to pick up in the formal investment figures, like staff training, development of human capital, new work practices which may make more use of existing equipment, and so on. Even in manufacturing, investment now is qualitatively very different



Hamish McRae

It is important to remember just how wrongly this recovery has been read. Most thought sterling's devaluation would result in rapid inflation. It didn't

1993 it has been climbing steadily. Compared with manufacturing, where investment has been rather weak, it has shot up as the right-hand graph shows. The Kleinwort team believes we are on the verge of an investment boom, which I suppose on past performance is a bit of a sell signal: as soon as the investment boom is truly under way you can be sure the next recession is not far behind. But whether we are or not, it seems a reasonable proposition that investment in the service side of the economy will be a serious constraint. And, of course, the service side is the motor of growth.

The other encouraging factor is pay. The issue here is at what level of unemployment do labour shortages become serious and wage rates accordingly soar. Last week, Alan Greenspan noted that the sense of insecurity in the US was helping to hold down pay rises, but at some stage tightness in the labour market will impact on pay. JP Morgan is forecasting that US unemployment, at present 5.4 per cent, will fall to 4.8 per cent this summer.

We surely have some of the

same forces at work here. The economics team at HSBC markets have looked at expectations for wages growth each year for the past four years and point out that every year pay has turned out lower than forecast. This year, they believe, will be no exception. They argue that, while conventional indicators suggest that wages ought to rise faster, there are several reasons why they probably will not.

These include: the fact that wages are already growing at 4.25 per cent in the year to December, which is delivering a decent real wage increase; headline inflation turning out at 2.75 per cent, well below the consensus; pressure on exporters from higher sterling to hold down wages; and determination by the new government to hold down pay in its first year. Their conclusion: pay this year is rising at 4.25 per cent, the same as last year.

The evidence for this second encouraging thought is thin. But it feels right. Insecurity, for all its unpleasantness, does carry economic benefits. Indeed, the only justification for it is if it really enables the country to run at a much lower level of unemployment than would otherwise be the case. Looking ahead, a change of government may increase the sense of insecurity, rather than diminish it, though do not expect that to be in the New Labour manifesto.

It is important to remember just how wrong people have been in reading this recovery. Most economists thought the devaluation of sterling would result in rapid inflation. It didn't. Most expected a long lag between the first signs of growth and the first falls in unemployment. There wasn't. Most expected the current account deficit to widen as the recovery got under way. It narrowed. And now most expect the recovery soon to hit constraints in capacity and in the labour market. Maybe they will be wrong yet again.

The man who has the best ticket to France '98

PEOPLE & BUSINESS



African upsets: Nigeria, Olympic champions, could turn pundits' expectations on their head for France '98, says Martin Trees

Martin Trees has left software group Sema, where he was group director, to join computer outsource EDS as director of marketing and strategy, and he will be taking his football role with him.

Mr Trees was responsible for the sponsorship of the IT systems for the Euro '96 football championships, and he will do the same job again for EDS in the next World Cup, France '98.

"We'll be delivering all the systems – ticketing, an internet site where you can book your travel arrangements, the lot," Mr Trees said.

Sema got into football sponsorship, he said, because although it was one of the UK's leading computer systems companies, "nobody knew us". He is happy to report that Sema did not receive the same "unfortunate coverage that IBM got for their problems at Atlanta". Euro '96 was relatively glitch-free.

Mr Trees, 38, started out with a zoology degree from Nottingham University. "It means I'm good at dealing with animals," he had a spell at Burroughes before 10 years at IBM, which he describes as a "great company".

As a Leeds United supporter, Mr Trees described his decision to move from Sema to EDS thus: "If you're struggling with Southampton or Middlesbrough, and you're invited to play for Manchester United, you'd be rather foolish to ignore it." So what's his tip for France '98? "I'll be delighted if England make it to the finals. I think there'll be an African upset as well."

Frankfurt. Auf Wiedersehen, Mr Robertson. Insiders put the odds of this City heavy-hitter's new home as follows: Barings 2-1, ABN 1-1, Goldman Sachs 5-1, Morgan Stanley 5-2, with Bear Stearns as the outsider.

Wherever he ends up, Kleinwort die-hards are worried that the bank's failed in-house banking facilities may fall foul of Telexon cost-cutting following his departure.

Even the bank's Fenchurch Street canteen is run by the Roux Brothers, and you can drink as much as you like. The new puritanism of the 1990s has so far passed Kleinwort by.

City myth has it that the Roux Brothers' contract was written into the acquisition of Greaveson Grant by Kleinwort in the 1980s Big Bang by the director, Sir Nicholas Redmayne.

But perhaps these fears are misplaced. I hear German bankers are rather fond of top grub. The company that bought the Roux Brothers, Compass, also has the con-

tract to supply in-house cats to both Morgan Grenfell and their German masters, Deutsche Bank.

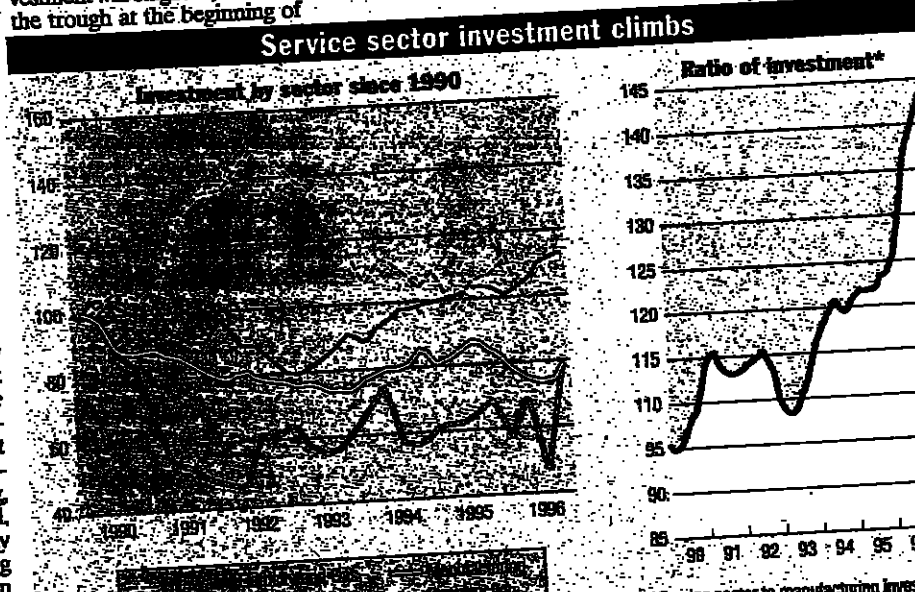
Maybe it's because of all that pickled cabbage our German cousins have to eat at home...

Our best wishes for a speedy recovery go to Ronnie Frost, the chairman of Hays, the distribution and office services group. Mr Frost was not around for Hays' interim announcement yesterday as he was in hospital for a double hip replacement operation.

Apparently Mr Frost has had a hip for years, a legacy of his previous career as a champion hurdler on the athletics track.

He's due to be out of hospital by the end of the week, when he will be able to return to his large farm near Guildford, Surrey, to recuperate, although he'll be confined to the Range Rover for the time being if he wants to survey his rolling acres.

John Willcock



Foreign Exchange Rates

Country	Spot	1 month	3 months	6 months	1 year
US	1.655	1.655	1.655	1.655	1.655
Canada	0.695	0.695	0.695	0.695	0.695
France	6.555	6.555	6.555	6.555	6.555
Italy	1.365	1.365	1.365	1.365	1.365
Japan	160.35	160.35	160.35	160.35	160.35
ECU	1.365	1.365	1.365	1.365	1.365
Denmark	6.460	6.460	6.460	6.460	6.460
Netherlands	2.203	2.203	2.203	2.203	2.203
Ireland	0.786	0.786	0.786	0.786	0.786
Norway	4.756	4.756	4.756	4.756	4.756
Sweden	8.460	8.460	8.460	8.460	8.460
Switzerland	1.433	1.433	1.433	1.433	1.433
Australia	1.545	1.545	1.545	1.545	1.545
Hong Kong	7.756	7.756	7.756	7.756	7.756
New Zealand	1.545	1.545	1.545	1.545	1.545
Saudi Arabia	0.365	0.365	0.365	0.365	0.365
Singapore	2.305	2.305	2.305	2.305	2.305

Country	Spot	1 month	3 months	6 months	1 year
Argentina	1.655	1.655	1.655	1.655	1.655
Brazil	0.695	0.695	0.695	0.695	0.695
China	8.280	8.280	8.280	8.280	8.280
India	5.500	5.500	5.500	5.500	5.500
Indonesia	2.203	2.203	2.203	2.203	2.203
Malaysia	4.756	4.756	4.756	4.756	4.756
Philippines	0.786	0.786	0.786	0.786	0.786
South Africa	4.756	4.756	4.756	4.756	4.756
Taiwan	2.203	2.203	2.203	2.203	2.203
Thailand	0.786	0.786	0.786	0.786	0.786
UK	1.000	1.000	1.000	1.000	1.000

Interest Rates

Country	Rate	Rate	Rate	Rate	Rate
US	5.00%	5.00%	5.00%	5.00%	5.00%
UK	5.00%	5.00%	5.00%	5.00%	5.00%
France	5.00%	5.00%	5.00%	5.00%	5.00%
Germany	5.00%	5.00%	5.00%	5.00%	5.00%
Italy	5.00%	5.00%	5.00%	5.00%	5.00%
Japan	5.00%	5.00%	5.00%	5.00%	5.00%
ECU	5.00%	5.00%	5.00%	5.00%	5.00%
Denmark	5.00%	5.00%	5.00%	5.00%	5.00%
Netherlands	5.00%	5.00%	5.00%	5.00%	5.00%
Australia	5.00%	5.00%	5.00%	5.00%	5.00%
Hong Kong	5.00%	5.00%	5.00%	5.00%	5.00%
New Zealand	5.00%	5.00%	5.00%	5.00%	5.00%
Saudi Arabia	5.00%	5.00%	5.00%	5.00%	5.00%
Singapore	5.00%	5.00%	5.00%	5.00%	5.00%

Country	Rate	Rate	Rate	Rate	Rate
US	5.00%	5.00%	5.00%	5.00%	5.00%
UK	5.00%	5.00%	5.00%	5.00%	5.00%
France	5.00%	5.00%	5.00%	5.00%	5.00%
Germany	5.00%	5.00%	5.00%	5.00%	5.00%
Italy	5.00%	5.00%	5.00%	5.00%	5.00%
Japan	5.00%	5.00%	5.00%	5.00%	5.00%
ECU	5.00%	5.00%	5.00%	5.00%	5.00%
Denmark	5.00%	5.00%	5.00%	5.00%	5.00%
Netherlands	5.00%	5.00%	5.00%	5.00%	5.00%
Australia	5.00%	5.00%	5.00%	5.00%	5.00%
Hong Kong	5.00%	5.00%	5.00%	5.00%	5.00%
New Zealand	5.00%	5.00%	5.00%	5.00%	5.00%
Saudi Arabia	5.00%	5.00%	5.00%	5.00%	5.00%
Singapore	5.00%	5.00%	5.00%	5.00%	5.00%

Country	Rate	Rate	Rate	Rate	Rate
US	5.00%	5.00%	5.00%	5.00%	5.00%
UK	5.00%	5.00%	5.00%	5.00%	5.00%
France	5.00%	5.00%	5.00%	5.00%	5.00%
Germany	5.00%	5.00%	5.00%	5.00%	5.00%
Italy	5.00%	5.00%	5.00%	5.00%	5.00%
Japan	5.00%	5.00%	5.00%	5.00%	5.00%
ECU	5.00%	5.00%	5.00%	5.00%	5.00%
Denmark	5.00%	5.00%	5.00%	5.00%	5.00%
Netherlands	5.00%	5.00%	5.00%	5.00%	5.00%
Australia	5.00%	5.00%	5.00%	5.00%	5.00%
Hong Kong	5.00%	5.00%	5.00%	5.00%	5.00%
New Zealand	5.00%	5.00%	5.00%	5.00%	5.00%
Saudi Arabia	5.00%	5.00%	5.00%	5.00%	5.00%
Singapore	5.00%	5.00%	5.00%	5.00%	5.00%

Country	Rate	Rate	Rate	Rate	Rate
US	5.00%	5.00%	5.00%	5.00%	5.00%
UK	5.00%	5.00%	5.00%	5.00%	5.00%
France	5.00%	5.00%	5.00%	5.00%	5.00%
Germany	5.00%	5.00%	5.00%	5.00%	5.00%
Italy	5.00%	5.00%	5.00%	5.00%	5.00%
Japan	5.00%	5.00%	5.00%	5.00%	5.00%
ECU	5.00%	5.00%	5.00%	5.00%	5.00%
Denmark	5.00%	5.00%	5.00%	5.00%	5.00%
Netherlands	5.00%	5.00%	5.00%	5.00%	5.00%
Australia	5.00%	5.00%	5.00%	5.00%	5.00%
Hong Kong	5.00%	5.00%	5.00%	5.00%	5.00%
New Zealand	5.00%	5.00%	5.00%	5.00%	5.00%
Saudi Arabia	5.00%	5.00%	5.00%	5.00%	5.00%
Singapore	5.00%	5.00%	5.00%	5.00%	5.00%

Country	Rate	Rate	Rate	Rate	Rate
US	5.00%	5.00%	5.00%	5.00%	5.00%
UK	5.00%	5.00%	5.00%	5.00%	5.00%
France	5.00%	5.00%	5.00%	5.00%	5.00%
Germany	5.00%	5.00%	5.00%	5.00%	5.00%
Italy	5.00%	5.00%	5.00%	5.00%	5.00%
Japan	5.00%	5.00%	5.00%	5.00%	5.00%
ECU	5.00%	5.00%	5.00%	5.00%	5.00%
Denmark	5.00%	5.00%	5.00%	5.00%	5.00%
Netherlands	5.00%	5.00%	5.00%	5.00%	5.00%
Australia	5.00%	5.00%	5.00%	5.00%	5.00%
Hong Kong	5.00%	5.00%	5.00%	5.00%	5.00%
New Zealand	5.00%	5.00%	5.00%	5.00%	5.00%
Saudi Arabia	5.00%	5.00%	5.00%	5.00%	5.00%
Singapore	5.00%	5.00%	5.00%	5.00%	5.00%

Life Financial Futures

Contract	Settlement	High/Low	Open	Close
US\$ 100M	112.18	112.18	112.18	112.18
US\$ 200M	112.18	112.18	112.18	112.18
US\$ 300M	112.18	112.18	112.18	112.18
US\$ 400M	112.18	112.18	112.18	112.18
US\$ 500M	112.18	112.18	112.18	112.18
US\$ 600M	112.18	112.18	112.18	112.18
US\$ 700M	112.18	112.18	112.18	112.18
US\$ 800M	112.18	112.18	112.18	112.18
US\$ 900M	112.18	112.18	112.18	112.18
US\$ 1000M	112.18	112.18	112.18	112.18

Contract	Settlement	High/Low	Open	Close
US\$ 100M	112.18	112.18	112.18	112.18
US\$ 200M	112.18	112.18	112.18	112.18
US\$ 300M	112.18	112.18	112.18	112.18
US\$ 400M	112.18	112.18	112.18	112.18
US\$ 500M	112.18	112.18	112.18	112.18
US\$ 600M	112.18	112.18	112.18	112.18
US\$ 700M	112.18	112.18	112.18	112.18
US\$ 800M	112.18	112.18	112.18	112.18
US\$ 900M	112.18	112.18	112.18	112.18
US\$ 1000M	112.18	112.18	112.18	112.18

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US\$ 500M	112.18	112.18	112.18	112.18
US\$ 600M	112.18	112.18	112.18	112.18
US\$ 700M	112.18	112.18	112.18	112.18
US\$ 800M	112.18	112.18	112.18	112.18
US\$ 900M	112.18	112.18	112.18	112.18
US\$ 1000M	112.18	112.18	112.18	112.18

ollars)	2.2775	Base date
	10.7000	Index
ios)	268.7500	1970=100
	225.7500	Agricultural
		1970=100
r)	12.0650	Energy
ances)	2.3400	1983=100
		Industrial Metals
		1977=100
		Livestock
		1970=100
		Nonferrous Metals
		1973=100

business travel

Back from the future

The pace of change for business travellers is quickening. Simon Calder takes a leap to the year 2000 to introduce this three-page special report on business travel



Is this the age of the train? For the business traveller who appreciates city-centre convenience, privatised operators and Eurostar could fill the gap

You tap your pocket, and feel in response the reassuring rattle of a few euros: no problem, then, with parking the electric car. You stroke some keys on your electronic organiser, and the start of your itinerary takes focus. "March 4, 2000: Virgin Cross-Country Express from Oxford to Birmingham International, Lufthansa flight from Birmingham to Newcastle." There follow a stream of digits that make perfect sense to you: your Virgin Freeway card number, reminding you that the 60-mile train trip gets you that bit closer to that free balloon trip not piloted by Richard Branson; the six-digit code that entitles you to board the flight to Newcastle, and another code that reveals your application for an Australian business visa has been successful; and the good news that this UK domestic flight on the German national carrier will trigger your upgrade to the next level on the United Airlines frequent-flyer programme.

Perhaps the most surprising thing about the future of business travel is – with the exception of the thorny question of the single European currency – that the scenarios mentioned either exist already or are highly likely to be in place within three years.

Britain's rail network, desperately run-down after decades of under-investment and years of uncertainty over privatisation, is now entirely in private hands. Some of the new operators, notably Virgin (responsible for Cross Country and West Coast InterCity services), and GNER (the East Coast route between Scotland and London), are focusing on the needs of the business traveller. As Cathy Packe describes below, frequent-flyer schemes are proven to work wonders for customer loyalty among airlines, and links with terrestrial transport have already been forged with the likes of BA's Air Miles scheme.

Global partnership is the key to growth of the airlines' frequent-flyer schemes, which is why a short hop on Lufthansa can earn long-haul rewards on an American carrier. You won't, by the way, need to show a visa to get into Australia later that month, nor a ticket to board the Newcastle plane later that day – this year Australia is pioneering passportless visas, and by 2000 the German airline will be among the majority of carriers using ticketless travel.

Hang on, though, what is Lufthansa doing flying between Birmingham and Newcastle anyway? Simply exercising its rights under the EU's principle of cabotage, that's what. For the past few months, British business travellers have been able to enjoy the German airline's jet service between the two British cities, just as flyers between Prestwick and Stansted

travel on an Irish airline. Britain is, as usual, ahead of the aviation liberalisation pack. But four weeks from today, any European airline will, in theory, be able to fly on any intra-EU route it chooses.

Don't get too excited, though, about this glimpse of the future. Before you start checking the schedules for the Alitalia Glasgow-to-Heathrow shuttle, or the BA link between Barcelona and Bologna, bear in mind that such developments are, as always, dependent on slots. By 2000, the Heathrow Terminal Five enquiry will barely have finished. Europe's busiest airport will still be at full capacity, leaving little room for new arrivals. True, the players at Heathrow could look very different three years from now – but probably because of the planned American Airlines/British Airways alliance.

By 2000, the tie-up between these two aviation giants is likely to have gone through – in some form. The big question is the scale of the pay-off that the partners are obliged to make to other airlines, in order to satisfy competition rules on

both sides of the Atlantic. AA/BA will not be allowed to acquire dominance on routes, and business travellers are likely to be the beneficiaries.

If AA/BA wants to operate a near-hourly shuttle service between Heathrow and New York's JFK, then the alliance will have to surrender slots to other carriers to ensure proper competition. Continental (presently restricted to Gatwick, Birmingham and Manchester), United and Virgin are all likely to benefit from increased access to the "world's favourite" airport. The transatlantic traveller can expect greater competition and enhanced value.

The "losers" of this arrangement are likely to be those in places as diverse as Limerick and Istanbul. Already there are signs that British Airways is freeing up slots at Heathrow by shifting less lucrative traffic to Sussex. In a fortnight, all BA's Latin American services are moving to the airline's hub at Gatwick, and by the time the new summer schedules take effect on Easter Sunday, BA (and its franchise partners) will offer a wider range of destinations from Gatwick than

from Heathrow. The trend is likely to continue, with more marginal routes going south to allow for strengthening core services – and giving away slots to the opposition.

With a bit of luck, the short-haul traveller in 2000 could be able to ignore Heathrow (even with its new fast link with Paddington) altogether. The long-promised through-trains linking UK provincial cities with Brussels and Paris are likely to begin in June this year, with night services deeper into Europe following later. These will tap into a high-speed Continental rail network that will transform business travel between city pairs under 300 miles apart.

By December this year, Brussels will be only 85 minutes from Paris. The business traveller who has come to appreciate the city-centre service offered by Eurostar will soon be able to avoid airport queues and tedious transfers for many European journeys.

The search for a room fit for the new millennium could be less revolutionary, however. The big development for guests at business hotels over the

past five years has been a simple one: you pay more. Not only have "rack rates" (the official tariff) risen, but the proportion of business travellers obliged to pay them has climbed too.

Personal experience and anecdotal evidence from other travellers suggests that quality has not increased at the same pace. Much more often than I would expect at the end of the 20th century, I have to perform considerable electronic surgery on the hotel telephone in order to connect my computer with base. Hotels which invest the present harvest of high earnings in upgrading their product are likely to be those that maximise business in the future.

Gazing at the world in 2000 once more, it is surprising at how little some things have changed. The aircraft that remains the backbone of most long-haul fleets, the 747, is little changed from the Boeing that entered service in the 1960s.

Concorde still zaps back and forth across the Atlantic a couple of times a day, but she is looking increasingly geriatric – with no immediate sign

of a supersonic successor. In contrast, telecommunications fly around the globe at the speed of light, but predictions that technology will do away with the need to travel on business are still far from fulfilment.

High-speed ISDN links, allowing low-cost video-conferencing, have become much more widespread among UK business. But like the spread of the telephone a century ago, new technology seems to stimulate additional travel rather than reduce it.

And how might all this travel be bought? The Internet has yet to take a grip, not least because experiences of booking on the World Wide Web in the late Nineties have not proved entirely satisfactory. The big business travel agencies have built upon their buying power and international links to extend their grip on the market. At the other end of the market scale, small niche agents who know their customers' requirements intimately are thriving too. The toughest question about the future of business travel is straightforward: what currency will we use?

Maximising the benefits of frequent-flyer schemes

Cathy Packe

"Ladies and gentlemen, we don't have enough food for everyone, so we are offering the choice of a turkey sandwich or 500 frequent-flyer miles."

No, not the scene in one of Sainsbury's cafes on a busy Saturday; this was the in-flight announcement on a recent – and completely full – Northwest Airlines flight from Minneapolis to Denver. Confirmation, if any were needed, that these days frequent-flyer miles are an important way of keeping the passengers happy.

Frequent-flyer programmes began in America, and the idea was taken up by British Airways in the mid-1970s. Initially, BA was content with formalising bonuses for commercially important passengers with its Executive Club, for which passengers paid a fee.

Gradually, though, European airlines developed reward systems based on distance and class flown. As the manager of one programme said, "It was like a domino-effect. Other people had frequent-flyer schemes, so we all had to have them."

All the airlines are convinced there are benefits for them in running such schemes; they believe that loyalty schemes of this type increase the overall number of passengers travelling and tie people into a particular airline and its services. Virgin Atlantic talks of a sense of ownership among its members and identification with the company. A scheme's membership list helps an airline to

build up a detailed database, and so tailor the service they provide. If, for example, you have disclosed in a questionnaire that you like skiing, you could expect to be presented with a ski magazine as you are settling into your seat; perhaps more likely, though, is that you will be targeted by direct mailshots for skiing holidays.

For anyone who travels even a modest amount, frequent-flyer schemes provide an opportunity to get something for nothing. Assuming you are going to spend a bit on air travel, car hire, or a night in a hotel, you are well on your way to a free flight. But as with any form of investment, there are ways of maximising your assets, whether you are a holiday flyer or long-haul business traveller.

First, choose your scheme carefully. The advice from the airlines is to join the scheme of the carrier you use most. I suggest you join several, but choose them carefully. All the airlines have reciprocal arrangements with their partners, so you should only join one scheme in a group. For example, SAS and Lufthansa are partners. So if you are a member of the SAS scheme, and then you fly Lufthansa, you will earn points on your SAS account simply by showing your membership card; there is no need to join the Lufthansa scheme. In fact it is counter-productive to join both as, in effect, you dilute your investment.

The annual Carlson Wagonlit business travel survey shows the British Airways Executive Club to be the favourite of four out of five UK business travellers.

Flights are graded to earn you points towards silver and gold membership, which in turn brings separate benefits such as use of the special lounges with silver, free insurance with gold. But the way in which you earn frequent-flyer miles involves a rather complicated tie-in with Air Miles, which is a British Airways company, but operates as an independent loyalty scheme. BA doesn't see the collecting of miles as the main point of the Executive Club. Indeed, the scheme is easily the least tolerant of reduced fares.

If you travel on a discount ticket you get no frequent-flyer miles at all. Whereas most airlines allow you some miles simply because you got on the plane, if you have anything less than a fully-flexible ticket you earn nothing on BA. In fact, you could more profitably spend the weekend at Sainsbury's. There are signs that BA's policy is spreading, with United planning to thin out rewards for discount fares.

The emphasis on customer service to reward loyalty is certainly the main objective in many schemes, particularly in America, where the big rewards, in terms of preferred seating, automatic upgrades, or early boarding, as well as free miles, are given to a small group of serious flyers: Gold Elite on Continental, Advantage Gold on American, or Delta's Flying Colours. The airlines will try hard to keep these high-yield passengers.

For a really frequent flyer, amassing points of miles which contribute towards free flights can be a mixed blessing. What

could be nicer than a free ticket to Australia? Well, if you have spent most of the year flying around the world, possibly a weekend at home. Here, alternative benefits such as Virgin Freeway's luxury UK holidays or Air Miles' cinema tickets can be tempting.

Should travel prove too much of an addiction, then be warned that even unpopular routes may not be easily available. I have just tried to book a ticket to Greenland using SAS frequent-flyer miles. This, in theory, is a textbook example of how to maximise the benefits of free tickets, by choosing a route where discounted fares are never available. When I expressed disbelief that the flights were already full every day between early July and the end of August, I was told that they were simply not open to those travelling free. But with some perseverance, I found a seat to Sondre Stromfjord.

Too complicated to be worth the effort? Well, a friend of mine recently took a return flight from New York to Washington. He earned points in both directions. It was his eighth flight of the month, so he got a bonus. The plane was late in both directions, which earned him two more bonuses. By the end of the day he had enough for a free flight across the US.

By the way, you don't earn frequent-flyer miles on flights which you paid for with frequent-flyer miles. Well, officially you don't. But sometimes the people on the check-in desks aren't as vigilant as they might be.

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A SPECIAL REPORT

business travel

Still a Far Eastern star

Hong Kong's future as a top destination is bright, says Simon Calder

We all know what will happen on 30 June this year. Britain will hand back sovereignty of Hong Kong to China. The former UK colony will become a Special Administrative Region of the People's Republic. But changes will affect the business traveller both before and after that date.

Within the next four weeks there will be two big developments. From 31 March, Air China – the national carrier for the People's Republic – will start flights from Heathrow to Hong Kong. The airline will compete against British Airways, Cathay Pacific and Virgin Atlantic on the route. Although initially Air China will operate only three flights a week, the addition of another Boeing 747-400 is likely to stimulate better value for business travellers.

The first Air China passengers will arrive in Hong Kong on the morning of 1 April – the day that British travellers lose some of their special privileges. Hitherto, UK citizens were free to stay for up to a year without formality, to take up employment or to open businesses. From April, permission for visits of up to six months will still be issued routinely to British business and leisure visitors, but anyone planning to work or establish a business will need to apply for a visa – through, reasonably enough, the Chinese Consulate.

The view within the travel industry about the best time to go to Hong Kong is simple: unless your work obliges you to be there around the time of the handover, avoid it. In the weeks leading up to 30 June, Hong Kong-bound planes are full, as are most hotels. The days imme-



Trouble ahead? A businessman caught out in a shower runs for cover in Hong Kong. Businessmen in the colony are preparing themselves for the handover to China in June this year. Photograph: Reuters

diately after the handover are unlikely to see any serious business done, as the territory marks its transfer to new ownership with a week-long party.

Once into the first long, hot summer under Peking's control, everything goes quiet in terms of bookings. The autumn could be the ideal time to visit Hong Kong and assess the changes. But anyone who has suffered the shambles that is Kai Tak airport in Kowloon may wish to

wait until April 1998, when Hong Kong's old airport should be replaced by a state-of-the-art facility on Lantau Island. Chek Lap Kok airport will be further from the central business district, but a high-speed rail link will get you to Hong Kong Island in 25 minutes – and, with a much greater likelihood that your aircraft will be parked at a gate rather than a remote stand, overall journey times and the hassle factor

should fall once the new airport opens. The investment for Chek Lap Kok is often cited as a sign of good intent for the future. According to the Sino-British Joint Declaration of 1984, there should be no reason why travellers to Hong Kong should not transact business as usual. A degree of self-government is enshrined for half a century under the agreement; equally assured is Hong Kong's position as a trading hub for East Asia,

and the present frontier between the territory and the People's Republic. Peking-watchers may reasonably ask what is to stop the new Chinese leadership varying the terms of the agreement; the business community would respond by asking what is to be gained from jeopardising the unique geographical and economic position of Hong Kong? Interesting times, indeed, for the people and the visitor.

For more information, call the Hong Kong Government Office visa and documentation hotline on 0891 600111; or the Hong Kong Tourist Association on 0891 661188. Both these are premium-rate numbers, costing 50p per minute.

Services are more in tune with women's needs

Claire Gervat

You're on a business trip, but you have a free evening so you decide to go out to eat. The restaurant is half empty, but you are shown to a table in a far corner, between the doors to the kitchen and the loos. Then one of two things happens: you are either completely ignored, or whisked through your meal at indignation-inducing pace. At times like these, the travelling businesswoman must wonder why people can't treat her more like a man.

Of course, men don't enjoy eating on their own in restaurants either, and it's easy to mistake general poor service for bias. Top-class restaurants and hotels are far more likely to treat businesswomen well than somewhere that hasn't considered the needs of any of its customers for several decades. The best meal I ever had on my own was in the Taj Hotel in Bombay, where I was seated in a good position with a clear view of the musicians and dancers.

Simonetta Veltroni, who works for an advertising agency in London, agrees that it's the four-or-five star hotels that are more likely to consider the needs of women on their own. "Often about the only thing I notice is that the toiletries are sometimes more geared towards men – there's no moisturiser, for instance." There's no doubt that at least some hotels are making more of an effort to cater for their female guests. Lesley Thomson, director of a market research company, comments, "A good place is the Victoria and Albert in Manchester, which recently opened a wing of rooms for female guests with 24-hour closed-circuit TV and windows that can't be opened from the outside. It also has ironing boards and toiletries and loads of magazines in the rooms. You can either respond to that by saying 'Bloody hell, they're treating me as a vulnerable girlie', or you can say that it's actually quite thoughtful. Personally, I think it's quite thoughtful."

At Inter-Continental Hotels, the policy is to reserve certain rooms near the lifts for women executives who don't want to walk to the end of a deserted corridor. Security is a big concern, so staff are careful not to call out guests' room numbers or hand over keys without identification. A spokesman comments, "We are much more attuned to the needs of ladies travelling on their own than even just a few years ago."

But could they be doing better? Airlines, hotels, travel agents and so on all rely on feedback from customers to help them improve their services, and women are often reluctant to complain on the spot when

do with showing how much legroom there is; no dainty hands puffing up her pillow.

Receiving equal treatment with men isn't the only difficulty businesswomen often face. There's the sheer feeling of vulnerability that can come when you're in a strange country where attitudes to women are not the same as at home. The best way to alleviate the loneliness of being in a strange place is, of course, to team up with someone else. The Global Network (0171-722 9565), set up by a woman with 20 years' experience of business trips, can team up women who will be in the same place at the same time. Women Welcome Women (01494 465441) is not solely for business travellers, but members can find it useful to have contacts in cities they will be visiting for their work. Pat Daniel, a university lecturer, found it invaluable when she was in New York last year researching a book. Although she stayed in a hotel, she found the social contact made evenings much easier to deal with. "It gave a completely different side, the human side of New York. I just felt that, yes, New York could be a welcoming place."

Hotels are getting used to the idea of a lot of women travelling on business

something doesn't please them. Yet many of them feel that they get a raw deal compared with their male colleagues: a survey by Chambers Travel, a corporate travel management company, showed nearly half the women questioned believed men received better treatment from cabin staff, for instance.

"Trying hard – could do better" is the view of David Radcliffe, managing director of the leading independent business travel company Hogg Robinson. "The industry and my company are very aware of the needs of women travellers, and working hard to meet those concerns."

It is still difficult to shake off the view that the industry is focussed firmly on male travellers, especially when you see television adverts for airlines that only ever show the men being pampered by beautiful cabin staff. Helen Mirren has to make

Men get lonely on their own in big cities, too, but they're less likely to have to put up with unwanted attention or endure out-and-out harassment from someone they've inadvertently made eye contact with. No wonder many businesswomen often eat in their rooms and spend evenings reading books or watching TV. Room service can bring its own problems: it's almost inevitable that your order arrives just as you step out of the shower. Check through the spyhole (insist on a room with one). Better still, ask to be rung when your order leaves the kitchen, so you don't get caught out (they do it at the Victoria and Albert in Manchester).

Thomson is quietly optimistic about the future: "Hotels in particular are getting used to the idea of a lot of women travelling on business – but they can be patchy in how they approach it."

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RACING'S FUTURES MARKET

Tote go 5-1 - while **Comanche** and **Coral** is 12-1 (**William Hill**) - the **Tote** go 7-1 - while **Karawi** is 10-1 (**William Hill/Ladbrokes**) - **Coral** go 7-1. **L'Opera** is 8-1 (**Coral**) - **Ladbrokes** go 6-1.

Cheltenham Gold Cup Chase: **Dublin Flyer** is 10-1 (**William Hill/Tote**) - **Coral** go 7-1.

Ian Davies

2m 110yds		
William Hill	Ladbrokes	Tote
100-30	3-1	9-4
11-2	5-1	5-1
13-2	11-2	7-3
7-1	8-4	8-4
8-1	9-4	8-1

Boardroom Shuffie (J Gifford)	12-1	10-1	10-1	14-1
Sanmarino (D Nicholson)	12-1	14-1	14-1	10-1

Each way a quarter the odds; places 1, 2, 3 (Cheshamham Tuesday, 11 March)

	William Hill	Ladbrokes	Total
	15-8	15-8	2-1
	5-2	5-2	2-1
	4-1	5-1	9-2
	9-2	4-1	5-1
	12-1	12-1	14-1
	20-1	16-1	20-1
	double	16-1	16-1

8 (Cheltenham, Wednesday, 12 March)

William Hill	Ladbrokes
8-1	8-1
8-1	10-1
12-1	12-1
14-1	14-1
14-1	14-1
14-1	12-1
14-1	14-1
16-1	16-1
16-1	16-1

4 (Cheltenham, Wednesday, 12 March)

William Hill	Ladbrokes	Total
6-1	6-1	5-1
7-1	6-1	5-1
7-1	6-1	7-1
10-1	10-1	8-1
12-1	10-1	7-1
20-1	18-1	20-1

3 (Cheltenham, Thursday, 13 March)

Wesam Hill	Ladbrokes	Total
5-1	5-1	5-1
11-2	5-1	9-2
6-1	5-1	11-2
13-2	5-1	6-1
10-1	8-1	10-1
10-1	10-1	10-1
10-1	10-1	10-1

14-1	14-1	18-1
12-1	14-1	12-1
14-1	18-1	18-1

3 (Cheltenham, Thursday, 13 March)

cap Chase (4m 4f)			
at William Hill	Ladbrokes	Total	
8-1	8-1	8-1	
10-1	10-1	12-1	

<u>1-1</u>	<u>16-1</u>	<u>18-1</u>	<u>16-1</u>
<u>1-1</u>	<u>16-1</u>	<u>14-1</u>	<u>12-1</u>
<u>1-1</u>	<u>20-1</u>	<u>20-1</u>	<u>20-1</u>
<u>1-1</u>	<u>16-1</u>	<u>10-1</u>	<u>16-1</u>
<u>1-1</u>	<u>20-1</u>	<u>20-1</u>	<u>16-1</u>
<u>1-1</u>	<u>20-1</u>	<u>20-1</u>	<u>20-1</u>
<u>1-1</u>	<u>25-1</u>	<u>20-1</u>	<u>20-1</u>
<u>1-1</u>	<u>20-1</u>	<u>16-1</u>	<u>20-1</u>

Antares, Saturn, 5 April * - with a run

4.40: 1. SLEVENAMON MIST (w/ 1 Jakes)
5.8: 2. Driving Force 20-1; 3. Double
Collect 12-1; 11 nan; 4. Jay Street Jess
filled pl. 20; 11. Victor Demally Train 22.60; 11.10,
4.70, £2.50, DF: £23.20, CSF: £26.37, Trn.
30.30.
5.10: 1. ARRON J O'Shane; 6-1; 2. Jea-
cas One 6-1; 3. Mounsbith O'Shane 6-1;
3 nan; 2. 1st Jay Suben, 3. 1st Jay Western,
Tran 57.00, 1.80, £2.10, £2.20, DF:
£1.90, CSF: £13.78, Trn 135.40, NR: C
not.
Quoted: £87.40, Quoted: £3.10
Place 6: £77.74, Place 5: £59.82.

2.10: 1. **RIVER CAPTAIN** (S Sanders) 10 min.
Stretching: 25-31, 3. Tendons 5-6 low. 13 ran.
1, 7. (M) Murry Swamp. Total: £15.90: £2.40.
1, 10. £1.00, £1.40. DF: £455.20. CSF: £230.93.
to £168.70: £2.38 *came forward to Lakes*
4.50 today.

2.11: 1. **GREENSPAN** (A Clark) 8-11 *low*. 2.
smoking Cavalier 7-7: 3. *Soldier* 8-11 3-1. 4
a. 8. 3. (W) Mum. Total: £1.70. DF: £2.30.
F. £3.43.

3.15: 1. **ROAD RACER** (P. Fallow) 6-1. 2. *Co-
ledge* 8-1: 3. *La Memorabilia* 7-4 *low*. 12 ran.
1, 7. (M) (R) Ramsdell. Total: £5.50: £2.60.
1, 40. £1.60. DF: £20.00 CSF: £41.88. Tric.
£84.92. Tric: £12.40. NP: Master Food-

Knotty Hill 10-11-13, **Stand Tall** 15-2 11 ran,
 for 1000 Yds 14-15, 3-1/2, (D Shaw), Totals: £190,
 £40, £190, £180, DF: £330, CSF:
 0.75, Traces: £254-25, Tric: £103.80.
4-20: 1. LA DOLCE VITA (Victoria Appleby)
 8 ran; 2. **Jack The Lad** 11-1; 3. **Red Em-
 mers** 10-1; 9 ran, 5, ran (D Bann), Totals:
 £300, £120, £230, £280, DF: £110.00, CSF:
 1.00, Tric: £490, Tric-Zelani:
 £4.50; 1. **GOOSEBERRY** 9-1; 2.
captain Gargans 9-1; 3. **Soda** 7-1 ran, 9 ran,
 (D Wykes), Totals: £950, £150, £120, Tric:
 0.70, DF: £1140, CSF: £487.27, Tric:
 £9.98, Tric: £156.00; £79.14 earned towards
 1000 Yds trophy.
5-10: 1. GOOSEBERRY 9-1, **Redcap** 9-30
 CSF: £425.00, Tric: £15.15.

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WILSON	972	982

INGFIELD **973** **983**
ALL COURSES RESULTS
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Call and try your numbers. L.A.S. 90, Southern St. E.C.2A, W1

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Collect 12-1; 11 nan; 4. Jay Street Jess
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3 nan; 2. 1st Jay Suben, 3. 1st Jay Western,
Tran 57.00, 1.80, £2.10, £2.20, DF:
£1.90, CSF: £13.78, Trn 135.40, NR: 60
pnd.
Quotest: £87.40, Quotest: £3.10
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 1.00, Tric: £490, Tric-Zelani:
 £4.50; 1. **GASTRO-TE** 7-1 ran; 9-1:
 2. **captain Gargano** 7-1; 3. **Soda** 7-1 ran, 9 ran,
 (D Wykes), Totals: £950, £150, £190, Tric:
 0.70, DF: £1140, CSF: £487.27, Tric:
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 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
7-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
8-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
9-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
10-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
11-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
12-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
13-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
14-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
15-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
16-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
17-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
18-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
19-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
20-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
21-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
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22-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
23-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
24-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
25-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
26-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran, 9 ran, (D Wykes), Totals:
 £950, £150, £190, Tric: £9.98, Tric:
 £156.00; £79.14 earned towards
 1st place by 100 yds.
27-10: 1. GASTRO-TE 7-1 ran; 9-1:
 2. **captain Gargano** 7-1 ran; 9-1:
 3. **Soda** 7-1 ran,

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[illegible]

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sport

The French will not take easily to rugby's new free market and the English Channel will prove more impassable than the Irish Sea

At the beginning of the Five Nations Championship, I invested (as the bookmakers like to put it) £100 on France to win the final. At 15-8, England were odds-on favourites. After an hour at Twickenham on Saturday, with England up by 20 points to six, I was saying goodbye to my money and thinking the bookmakers were not such fools after all.

But then, I told myself, I was the victim of bad luck – or, rather, of the French team's bad luck. How could I be expected to know that Emil Ntamak, Thomas Castaignède, Philippe Saint-André, Olivier Roumat and Philippe Benetton, to name but a few, would all be unavailable for one reason or another? As things turned out, their absence (with the possible exception of Roumat's) did not make

much difference. Indeed, some of them may find it difficult to effect entry into the French side.

Presumably the final centre pairing is now Castaignède and Christophe Lemaire. The new wings, David Venditti and Laurent Leflamand, did everything that was asked of them. In fact, Leflamand did a little more by stealing the ball from Tony Underwood, who combines the blessing of great speed with the curse of bad luck.

Castaignède is reportedly off to Newcastle, meanwhile continuing his engineering course at Durham University. Whether France will continue to pick him in these circumstances remains to be seen. Jean-Claude Skrela, the French coach, was asked this question in

general terms at the post-match press conference. What would be the French attitude towards players coming over to perform regularly in the Courage League? He seemed slightly embarrassed and answered that they would meet that problem when they came to it.

But the problem is already there, though only in a small way as yet. Philippe Sella of Saracens has retired from international rugby. Laurent Benezec, Laurent Cabannes and Thierry Lacroix, all of Harlequins, have not retired, as I understand the position. Admittedly the first two are in the evening of their careers, but Lacroix is in mid-afternoon.

The Scots have always been at ease with English-based players. The Irish are becoming more so. Indeed,



ALAN WATKINS

their indigenous players have been crossing the Irish Sea with the ease and rapidity of the old Celtic saints. "Bishop" Brian Ashton holds the position in rugby formerly occupied by Saint Jack Charlton in football. The English used shamelessly to pick South Africans who happened to be

at Oxford University for a couple of years, but have now relinquished the practice. The Welsh, traditionally the most nationalistic country in the British Isles when it came to rugby, now pick three players from Richmond in Allan Bateman, Scott Quinnell and Craig Quinnell, and have chosen Nathan Thomas of Bath as a substitute.

The French may in time have to become more broad-minded, because there is more money floating around in south-east England than in south-west France. There is certainly more money in south-east England than in south-west Wales. Thus Saracens seem able to shop for players until they drop, while a great club such as Llanelli have to claim supplementary benefit.

The French are the most chauvinistic of nations, even more so than the Welsh. They rarely venture even on holiday outside their native land, and why should they? My guess is that they will not take easily to the new rugby free market, and that the English Channel will prove more impassable than the Irish Sea.

At the moment, however, they do not have to worry very much. Saturday demonstrated their reserve talent. They clearly do not have to worry any longer about an outside-half. Having won the first of his 27 caps in 1992, Alain Penaud of Brive is still only 24. His large number of appearances is misleading, for he has been unaccountably dropped several times in favour of inferior performers,

notably the eccentric Christophe Deylaud of Toulouse.

Moreover, France now seem to have at last a top-class management in Skrela. Pierre Villepreux and Jo Maso. They were all great players as well. Now, great players do not always make great coaches or great managers. Sometimes they are no longer much interested in the sport which gave them their early fame. Formerly great batsmen usually prefer a day at the races or a round of golf to an afternoon at Lord's, and who shall blame them? Skrela, Villepreux and Maso are not like this where rugby is concerned.

It is a joy to see Villepreux at last honoured in his own country. And if France beat Scotland, he will have made me £287.50 better off...

Stewart close to right formula

Derick Allsop talks to the former world champion, who now owns his own grand prix team, as he looks ahead to the season's start in Melbourne on Sunday

He may be standing somewhere towards the back of the grid, a diminutive figure lost in the blur and anxiety of the pre-race ritual, but there is unlikely to be a more emotional or satisfied man basking among the cars about to be unleashed in the Australian Grand Prix on Sunday.

Twenty-three and a half years on, Jackie Stewart will be back on a Formula One track, this time as a team boss rather than a world champion driver. And this time, he concedes, the pressure and responsibility will be far more intense than anything he experienced along the path to three world titles.

"Nothing you go through as a driver compares with this," he said. "When we eventually line up for that opening race in Melbourne, it will be the culmination of an almost super-human effort by everyone in the team. And, certainly, from my point of view, it will be the single most important race of my career, and a proud day for the Stewart family."

"Responsibility is the biggest difference between driving and running your own team. It's a big weight, a heavy burden. But then I've always been a responsible, conscientious person. I'm desperate to deliver no matter what I'm doing. Maybe that is part of the reason I've enjoyed the success or achievement I have had."

The package Stewart and his son, Paul, have put together, including a five-year "factory" deal with Ford, represents another successful chapter in the remarkable Stewart story. Achieving success in terms of results will be the stress, but the greater challenge and the Scot acknowledges there are those who would savour a down-turn in his fortunes.

Stewart, not unlike many achievers in all walks of life, is both admired and envied, and he knows he will find little

sympathy out there in the wild grand prix jungle should he be mauled and devoured.

He said: "I don't understand this undercurrent but it seems to be an issue in Formula One. I just think it is part of the business and motor racing is famous for it."

Stewart admits there were times when the demands of assembling a Formula One team plunged him to "the depths of despair", but then he never anticipated a straightforward ascent.

"Whenever you climb a high mountain, you are going to get off the path occasionally, on to

"Everyone has accused me of under-playing our position but I honestly haven't"

ice, snow or loose rocks, and that occurred in the creation of this team," he said. "We were always wearing a safety harness and had security in place, but you still have the concern that you are not going to be able to pull together all the elements."

Stewart maintains he has absolutely no doubt his team will be hard pressed to cajole one of their cars to the finish in Melbourne and to score more than a couple of points all season. He said: "Everybody's accused me of under-playing our position but I honestly haven't. To finish top six twice in the year would make me satisfied. That's not trying to con, that's reality. Few have done it straight away. Not even Williams. And now it's more difficult than ever."

"You look at the top teams, they've all got factory car manufacturers and the experience. Williams and Benetton have Renault, McLaren have Mercedes, Ferrari have their own engine. Then you have Jordan with Peugeot, Prost with Mugen-Honda, Tyrrell with a very good Ford V8 and now Sauber with Ferrari."

"Others want to pump up their expectations and image, but I don't feel that is the way to go. I've never made false projections. What do I say if it doesn't work out? I hope to be in a position to compete for the championship in five years, but I can't expect us to be there any earlier."

The task of delivering for Stewart has been entrusted with the Brazilian, Rubens Barrichello, and Denmark's Jan Magnussen. Both are considered gifted, but flawed, young drivers.

Stewart is evidently hoping to turn the doubts about their commitment and discipline to his advantage. He said: "If I was offered a second take, I wouldn't change them. They're getting well with each other and with the team. Rubens is very driven to improve his fitness and knows his career is on the line. And Jan knows the jury's out for him."

"There comes a time when you say: 'Who am I? Are they right or can I prove them wrong?' And you use all your energies to prove them wrong. I will be allowed more time than they will."

Stewart looks forward to the time when he might compete with his mentor, Ken Tyrrell, and the son of his old friend and sparring partner, the late Graham Hill. Damon Hill has been dragged down from his world title peak to join TWR Arrows and the others at base camp. For now, Stewart is content to watch the established teams scale the heights of the championship. "In common with many," he



Check mate: Jackie Stewart is typically forthright about his drivers' chances of success Photograph: Robert Hallam

said, "I expect Jacques Villeneuve [Williams] to have the best chance of winning the championship. However, he'll have to be careful. A lot of drivers have done well in their first year and not quite so well in their second. There are a lot of banana skins lying around to slip on."

"Heinz-Harald Frentzen [Williams] will also have the best car, and he'll be bright-eyed, bushy-tailed, and full of energy. He is fast, no doubt. He has made the odd mistake in the past, and although he may not have to push so hard with the kind of dominance Williams

has, he'll have to push to be faster than Villeneuve."

"I think McLaren are going to be better than people think and Mika Hakkinen and David Coulthard are both going to be potential race winners. David has been there before. He knows how to win a race."

"Mika has never won a race. It would be unlikely for him to win the world championship never having won a grand prix before, but Jacques nearly did it, so it is possible, and McLaren have a good record of knowing how to do it."

"Ferrari's prospects depend upon their reliability. They've

got the most expensive driver in the world in Michael Schumacher, who is the best in the world. No question. They've got the most expensive team manager, factory and test track, and yet for 18 years haven't won the world championship, so something's wrong. You cannot keep going like that without recognising it's not been correctly executed."

"But they'll get it right eventually. It could be this year, in which case they've got the right man."

"Benetton? I don't know. I think Gerhard Berger's a very analytical driver, a very

thorough journeyman, has won grands prix, never won a championship, hasn't won enough grands prix in a season to be seriously in contention for a championship."

"Jean Alesi has won only one grand prix. That's not appropriate for the skill God gave him, but somehow or other it hasn't been successfully channelled so far. It's a question of whether that can be turned around. He says he's going to moderate his mental attitude, but I don't know."

"On balance, therefore, I have to say it's Villeneuve for the championship."

Richmond swoop for Pumas' flanker

Rugby Union
CHRIS HEWITT

Two more high-profile international captures, two fewer Courage League places for promising English youngsters. London has resembled a rugby refugee camp since Saracens and Harlequins started pulling in players from all points of the compass last spring, and yesterday another pair of capital clubs revealed their latest forays into the market place.

Rolando Martin, the hugely impressive Argentinian flanker, will join Richmond in the summer while Kenny Logan, the Scottish wing who farms 400 acres in Stirling, is close to agreeing a two-year deal with Wasps.

Both clubs will be significantly strengthened by their signings and as current leaders of their respective divisions, they can hardly be blamed for striking while the iron is hot. In the long run, however, English rugby's open door policy will inevitably leave some of the best home-grown talent outside on the pavement.

Martin, a 28-year-old open-side specialist from the San Isidro club in Buenos Aires, has been a Richmond target for some time. Ben Clarke, who captains the Londoners, faced the experienced Puma in a World Cup pool match in 1995 and pronounced him one of the best players he had ever confronted, and when Martin again impressed for Argentina at Twickenham last December, his stock rose even higher.

His arrival at the Athletic Ground on a £50,000 salary will give the Second Division side, who already field Clarke and Scott Quinnell in their back row, a loose unit of something approaching world class.

Logan, meanwhile, could make his Wasps debut against Gloucester this weekend if he puts pen to paper for a reported £150,000 over 30 months. "I've been with Stirling County since I started playing mini-rugby and it will be a wrench to leave," he said yesterday. "But you never get anywhere without testing yourself to the limit. This opportunity is too good to miss."

His decision will leave Saracens, north London neighbours of Wasps, feeling a touch deflated; they were courting Logan during the run-up to the Scotland-Wales match in January and at one point were confident of getting their man.

Having picked up more than their fair share of headlines by signing Michael Lynagh, Philippe Sella and Francois Pienaar, Saracens are now in danger of being overshadowed by their nearest and dearest, who have also made a pitch for Abdel Benazzi, the French captain.

Meanwhile, Welsh preparations for the Five Nations finale with England in Cardiff on Saturday week suffered yet more disruption yesterday when Mark Rowley, the aggressive lock forward from Pontypriid, wrote off his own chances of playing. Rowley broke his left wrist in Sunday's club match with Swansea.

With Arwel Thomas, David Young, Iwan Evans, Christian Loader and the reserve prop, Lyndon Mustoe, all carrying injuries, the Welsh selectors were considering delaying the naming of their side until after this weekend's round of league fixtures, but the coach, Kevin Bowring, will now name a squad on Thursday.

Thomas, something of a star at stand-off for the Welsh during the international campaign, has his knee in the aid and is walking with the brace of crutches. An assessment of his chances will be made early next week.

TODAY'S FIXTURES

Football

7.30 unless stated

UEFA CUP QUARTER-FINALS FIRST LEG

Anderlecht v Internazionale

Tenerife v Brondby (8.30)

Schalke 04 v Valencia (8.45)

Newcastle Utd v Monaco (8.0)

FA CUP FIFTH ROUND

Swindon v Tottenham (7.45)

Walsley v Luton (7.45)

NATIONAL FOOTBALL LEAGUE

FIRST DIVISION

Barnsley v Swindon (7.45)

Cardiff v Doncaster (7.45)

Birmingham v Wolves (7.45)

Sheff Wed v Queens Park Rangers (7.45)

Crystal Palace v Bolton (7.45)

Huddersfield v Oxford Utd (7.45)

Wolves v Sheffield Wed (7.45)

Oldham v Tranmere (7.45)

Reading v Norwich (7.45)

Sheff Wed v Port Vale

SECOND DIVISION

Bradford v Wycombe (7.45)

Bury v Shrewsbury (7.45)

Cheltenham v Luton (7.45)

Peterborough v Watford (7.45)

Walsley v Bolton City (7.45)

THIRD DIVISION

Brighton v Northampton (7.45)

Carlisle v Torquay (7.45)

v Harington Town, League Cup fourth-round

replay, Harington Borough v Accrington

Staleybridge v Chorley (7.45)

Second-round replay: Harington v Blyth Spartans

DR MARTIN'S LEAGUE Premier Division

Doncaster v Middlesbrough (7.45)

Grimsby v Lincoln City (7.45)

Sheff Wed v Swindon (7.45)

Walsley v Luton (7.45)

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Cloth cap makes way for bowler hat

Rugby League

DAVE HADFIELD

The game did its best to shake off what remains of its cloth cap image by donning the bowler hat of the City establishment at the launch of the second year of Super League.

The launch at the Sports Cafe in London featured an announcement that Sheffield Eagles are to become the first club to be floated on the stock market and that the name Saatchi – more often associated with Conservative Party election campaigns – will in future be linked with the promotion of the code.

The Eagles are to take wing upon the Alternative Investments Market, the Stock Exchange's new public market for small, young and growing companies.

The man behind the plan is the electronics entrepreneur Paul Thompson, who performed a similar operation on behalf of West Bromwich Albion last year and also put himself forward as the potential backer of a Super League club in South Wales.

"This flotation will enable the Eagles to strengthen themselves across the board, not just the playing side but the club as a whole," Terry Sharman, the Sheffield chairman, said.

It's an opportunity for supporters to buy shares, but we expect the majority of interest will come from business buyers.

"We have a good financial story to tell and I think that investors will be interested."

Meanwhile Super League has appointed M & C Saatchi as advisers to its marketing arm, Rugby League Europe.

Colin Myler, the chief executive of R.L.E., said: "We have the best sport in the world and now we have the best advertising agency to help to market it."

"We still get criticism and sniping about flat caps and meat pies. We still need to market our game more aggressively."

As the Rugby League and the

Super League will admit, however, the quality of the product is what will make that marketing possible.

The launch yesterday also addressed itself to the question of quantity, inserting an extra round into the end of season play-offs for the benefit of the bottom four clubs in Super League.

Instead of the previous top-eight play-off, the bottom eight will now play off for the right to meet the top four in the quarter-finals.

"It is going to make it a very long season, but we firmly believe it is going to be a thrilling one," Maurice Lindsay, the Rugby League's chief executive, said.

"This time last year we were still embroiled in all sorts of arguments about the coming of

Super League. Now everyone just wants to get on with it."

The betting for the new season, which starts a week on Friday, shows St Helens as the 6-5 favourites to retain the Super League championship.

Deposed Wigan, who are due to make an announcement about their ground tomorrow, are second favourites at 7-4, with Castleford and the pre-flotation Sheffield Eagles rank outsiders at 20-1.

Those two unfancied clubs could do business later this week, with the Eagles tipped to sign Castleford's Great Britain tour half-back, Tony Smith, who is on the transfer list at £150,000.

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Devils' early steps to play-offs

Ice hockey

Cardiff Devils have made a successful start in their quest to follow up their Superleague success with victory in the end-of-season Championship. Paul Heavey's team followed a 3-2 Group A win at Newcastle with a 6-2 defeat of Ayr Scottish Eagles.

With two of the four teams qualifying for the semi-finals in Manchester later this month, Cardiff already had a fine bet to qualify.

In Sunday's game against Ayr they were boosted by two goals in the first six minutes by Doug McCarthy and Ian Cooper. Although Jamie Steer responded, Vezio Sacratini restored the two-goal cushion on the power-play in the second session.

Three goals in less than three minutes from Marty Yewchuk and Steve Morin (2) stretched the lead to 6-1, before Steer bagged a late consolation.

In Group B, Nottingham Panthers also made a four-point start. They were rarely stretched

in their 5-1 win at Basingstoke Bison and followed that up with a 5-3 defeat of Bracknell Bees.

In the Northern Premier League play-offs, Blackburn Hawks look like making the Championship round after holding Murrayfield Royals to a 4-4 draw while Castlebridge Knights defeated Dumfries Vikings 6-5 with Vasily Vasilenko scoring five of their goals.

In the Premier League Peterborough Pirates ended a 35-game losing streak with a 6-2 win against Telford.

Henman nominated

T

Faldo hits top form
Briton is favourite to win
US Masters, page 25

sport

Stewart steeled
Derick Allsop talks to the
ex-world champion, page 24

Dalglish offers no clues to French test

Football
SIMON TURNBULL

Kenny Dalglish, true to form, was giving nothing away yesterday. A similar performance by his players tonight, though, is no longer the chief concern of the man for whom masterminding victory in a European tie remains conspicuously absent from his managerial CV.

Dalglish on Tuesday

He does not even have the relative luxury of taking Newcastle into their French test with the European bottom line of

keeping it tight at the back on home ground as his big worry. With Alan Shearer convalescing, Les Ferdinand almost certainly hamstrung and Faustino Asprilla suspended, Dalglish will more likely than not be accompanied on the home bench by both of his prolific domestic predators as well as the loose cannon of a Colombian who has shot the Magpies within two rounds of a European final.

That, assuming Ferdinand fails to recover (Dalglish refused to rule him out definitely in front of the French press corps yesterday), would represent an

enforced freezing of virtually half the £60m of playing assets the Newcastle manager inherited two months ago. And, while he doubtless feared what damage Monaco's notoriously sharp front runners might do as he watched Graeme Souness' modest Saints go marching into the home box at will on Saturday, Dalglish must have lamented more than anything else Kevin Keegan's hasty sending-off of Darren Huckerby to Coventry.

A couple of finishes like the one Newcastle's £1m giveaway produced at Old Trafford on Saturday and L'Equipe's front page

might have been adorned with the legend "Huckerby - fin" on Wednesday morning. How a forward line that was led in the last 15 minutes against Southampton by the England Under-21 right-back of two years ago might effectively end Monaco's challenge is more difficult to imagine.

Steve Watson was an emergency centre-forward when Newcastle's UEFA Cup campaign ground to a blunt halt in Bilbao two seasons ago, but a more likely option for Dalglish tonight would be to deploy David Ginola as a central at-

tacker. Ginola sparked in such a role, alongside George Weah, in the Paris Saint-Germain team who reached the last four of the European Cup in 1995 and has been longing for a return to net-middling ground. Whether he will get his chance tonight remains to be seen. The thoughts of King Kenny remained a closed book at his St James' court yesterday.

"I'm not going to give anyone my thoughts and opinions about David Ginola," he stonewalled when asked about the sublimely gifted but more often than not deceptively flattering Frenchman who has made more

technicolour appearances in Renault commercials than in the monochrome of the Newcastle strip in recent weeks. Ginola has not hit the back of the net since the wondrous effort he struck against Feyenoord on 29 October. His boss gave him a reminder of the finisher's art with a goal in training yesterday. "I could be in the frame myself," Dalglish mused, raising the intriguing prospect of a repeat of that 1978 Wembley winner against Bruges on his 46th birthday.

In stark contrast to Dalglish, Monaco's coach, the former

French midfielder Jean Tigana, has such a wealth of attacking talent at his disposal his biggest worry is whether to play Victor Ikpeba, who has five UEFA Cup goals to his name already this season, or the lightning quick teenage prodigy Thierry Henry alongside Anderson da Silva, his brilliant Brazilian. Tigana's team boast a 100 per cent record away from home thus far in their campaign. And if the French champions elect go for the Magpies' jugular tonight, Newcastle's season could be bust before they even go to Monte Carlo.

Old Trafford to play host to England

MARK BURTON

There will be more than a touch of novelty about it when England play South Africa on 24 May. Not only will it be the first football match between the two nations, but also the match will be staged at Old Trafford.

The game against the African champions, being used by Glenn Hoddle as a World Cup warm-up for the trip to Poland the following week, cannot be played at Wembley because of the newly-designated national stadium's play-off commitments.

"We're delighted to be playing South Africa and it will be a historic match," the England coach said yesterday. "They are a growing nation and are getting stronger and stronger as a footballing power."

The Football Association today gave a cautious welcome to news that Russia is interested in making a bid to stage the 2006 World Cup. The president of Russia's football union, Dr Vladimir Potanin, is a member of the UEFA executive, which is said to have decided to support Germany as the only bidder from Europe.

The FA's chief executive, Graham Kelly, said he did not know that Russia had made a bid, but Koloskov denied the reports, saying yesterday that Russia had no chance of building the stadiums needed to stage the event.

Ruud Gullit will be in plaster for a month after an X-ray yesterday revealed he has a hairline fracture in an ankle. Chelsea's Dutch player-manager was injured 16 minutes after coming on as a substitute in the 3-2 defeat at Derby on Saturday.

Southampton have signed the striker Mickey Evans from Plymouth Argyle for £500,000 - a record sale for the Devon club and a fee which could rise

depending on appearances. The 24-year-old is expected to go straight into the squad for tomorrow's Premiership game at home to Everton as the Saints look to build on Saturday's 1-0 win at Newcastle.

Leicester City will abide by the decision to name Mike Reed as the referee for their Premiership match at Chelsea next month. The Birmingham official angered Leicester when his penalty decision gave Chelsea victory in last week's FA Cup fifth-round replay at Stamford Bridge. Leicester's manager, Martin O'Neill, said: "It is not our place to make the decision for the authorities. No matter what our feelings are, we can't go around picking who is going to referee our games."

Paul Ince could spurn the advances of some of England's top clubs when he decides on where to play his football next season and stay in Italy. The Internazionale midfielder, who scored twice in Saturday's 3-0 victory over Piacenza, has repeatedly been linked with a move back to the Premiership - but Ince could be about to cold shoulder a return to England when he makes his decision in two weeks' time.

Aberdeen are to part company with their captain, Stewart McKimmie, after more than 13 years with the club. The Pittodrie manager, Roy Aitken, said yesterday the 34-year-old defender's contract will not be renewed when his current deal expires in June.

Terry Venables is bringing the Australian goalkeeper Zeljko Kalac to Portsmouth for a second crack at English football. The 6ft 7in Kalac, who was a flop at Leicester, has agreed to sign for Pompey from Sydney United in a £400,000 deal.

Aston Villa have had a £600,000 bid rejected by Preston for their central defender, Sean Gregan.



Everything must go: It's a far cry from next week's Cheltenham Festival as the moderate contenders for yesterday's Final Selling Handicap Hurdle at Windsor fight for the dubious right to be sold by their owners at the post-race auction

South Africa struggling to stave off defeat

Cricket

NEIL MANTHORPE
reports from the Wanderers
South Africa 302 & 99-4
Australia 628-8 dec

A record-breaking 385-run partnership by Greg Blewett and Steve Waugh left Australia poised for a crushing win over South Africa at the end of the fourth day of the first Test.

Blewett finished with 214, the highest Test score made at the Wanderers, and Waugh 169 as Australia piled on the runs before declaring at 628 for 8, a first-innings lead of 326.

Shane Warne then stepped in with two wickets to leave South African hopes of saving the

game in tatters as they struggled to 99 for 4 by the close.

It left them still 227 runs behind with their last pair of specialist batsmen at the crease, Jacques Kallis unbeaten on 29 and Jonty Rhodes on three.

Gary Kirsten dragged a wide ball from Shane Warne on to his stumps when he had made eight and then Steve Waugh hit the stumps to run out the other opener, Andrew Hudson, for 31. It became 46 for 3 when Daryll Cullinan was caught behind off Warne for a duck.

Hansie Cronje and Kallis halted the slide momentarily, sharing a four-wicket stand of 44, but the introduction of Steve Waugh's medium pace broke the partnership. Cronje flicked at a wide leg-side ball

and was caught by wicketkeeper Ian Healy for 22.

Earlier Waugh and Greg Blewett had effectively batted South Africa out of the game with their fifth-wicket partnership after Australia resumed at 479 for 4 after the pair had batted throughout the third day.

JOHANNESBURG SCOREBOARD

South Africa		Australia	
1st Innings	302	1st Innings	628
2nd Innings	99-4	2nd Innings	8-0
3rd Innings	0-0	3rd Innings	0-0
4th Innings	0-0	4th Innings	0-0
5th Innings	0-0	5th Innings	0-0
6th Innings	0-0	6th Innings	0-0
7th Innings	0-0	7th Innings	0-0
8th Innings	0-0	8th Innings	0-0
9th Innings	0-0	9th Innings	0-0
10th Innings	0-0	10th Innings	0-0
11th Innings	0-0	11th Innings	0-0
12th Innings	0-0	12th Innings	0-0
13th Innings	0-0	13th Innings	0-0
14th Innings	0-0	14th Innings	0-0
15th Innings	0-0	15th Innings	0-0
16th Innings	0-0	16th Innings	0-0
17th Innings	0-0	17th Innings	0-0
18th Innings	0-0	18th Innings	0-0
19th Innings	0-0	19th Innings	0-0
20th Innings	0-0	20th Innings	0-0
21st Innings	0-0	21st Innings	0-0
22nd Innings	0-0	22nd Innings	0-0
23rd Innings	0-0	23rd Innings	0-0
24th Innings	0-0	24th Innings	0-0
25th Innings	0-0	25th Innings	0-0
26th Innings	0-0	26th Innings	0-0
27th Innings	0-0	27th Innings	0-0
28th Innings	0-0	28th Innings	0-0
29th Innings	0-0	29th Innings	0-0
30th Innings	0-0	30th Innings	0-0

two years ago. When Blewett was eventually caught off the back of the bat by Paul Adams at third man he had made 214 in 519 minutes from 421 balls and hit 34 boundaries.

The partnership was the highest against South Africa in Tests, beating the 370 for the

third wicket by the English pair of Bill Edrich and Denis Compton at Lord's in 1947.

The previous highest Australian partnership for any wicket against South Africa was 275 for the fifth wicket by Colin McDonald and Lindsay Hassett in Adelaide in 1952-53.

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THE INDEPENDENT CROSSWORD
No. 3257, Tuesday 4 March By Aired

Monday's Solution

ACROSS

- 1 Spruce bland food with liberal application of raki (7)
- 5 An agreement to change yen is offing dispute (7)
- 9 UK leader in drink to high-flying type (7)
- 11 Group sleeping place by side of lake (7)
- 13 Fellow to debate drug in stock container (9)
- 15 One point about one tool (5)
- 17 Unpleasant creature given shelter by church (3)
- 19 Very pleased to be put out (5)
- 21 Call for sauce to be about right? It's magic! (3-6)
- 23 Frenchman joining women to get fresh (5)
- 25 Woman about to embrace the French king (5)
- 27 French Queen rules badly, suppressing Open University (9)

DOWN

- 1 Pathetic one surrounded by everything of mine? (7)
- 2 Father's position when adopting old baby (7)
- 3 One wise man in the picture (5)
- 4 To get here one would need to spend a bomb (9)
- 5 One from Greta races to England (5)
- 6 As dark blues get going this stabilises boat (9)
- 7 Pale type rose to represent one? (7)
- 8 Made big effort to get two different rivers dry (7)
- 14 Urging to be enthusiastic about right musical to back (9)
- 16 Send suggestion for tying them up? (5-4)
- 17 They'll have PC make unauthorised entry (7)
- 18 Sure divide at the conclusion of an age (4-5)
- 20 Rare element produced by miners keeping Nigerian joint up (7)
- 21 Know-all's archaic manner attracts ridicule (4-3)
- 23 Leave carrying length of warm covering (5)
- 24 Complaint of losing male state (5)

McRae beats demons

Rallying

Colin McRae yesterday experienced perhaps the most extraordinary race of his career with a hard-fought victory in the Safari Rally in Nairobi.

McRae suffered electrical difficulties with his Subaru over the closing stages, but clutch problems for second-placed fellow Briton Richard Burns ensured McRae finished more than seven minutes ahead of the field. Fortunately for the Scot, there was no repeat of Sunday's problems when vandals left a pile of rocks in his path forcing him to swerve and crash through a wall at full speed. The steering rack

and left front wishbone took the main impact, but after a delay of around three minutes he managed to return to the action. He still finished the second leg in the lead and held on yesterday to earn his first, and Subaru's third, success of the year.

McRae had managed just one fourth place in the previous two rounds of the championship. He had a problem with the alternator in the morning but, once that was fixed, he drove faultlessly to victory over Burns in the Mitsubishi Carisma and third-placed Kenya's Ian Duncan in a Toyota.

Burns' second place, after driving for most of the day without a clutch, was a boost for Mitsubishi, particularly as they lost

the reigning world champion, Tommi Makinen, yesterday. The Finn was forced to retire after an ill-timed puncture saw him drive 25 miles with a flat tyre, causing his rear suspension to fail.

On the rally's opening day, both the series leader Carlos Sainz, in a Ford Escort, and McRae's Subaru team-mate, Kenneth Eriksson, were forced to retire due to mechanical problems caused by the rocky terrain.

McRae now has 13 points in the drivers' championship after three rounds, with Sainz in second place with 12 and Eriksson and Italy's Piero Liatti in joint third place on 10 points. Subaru maintain their lead in the manufacturers' championship.

Rumble down at Mumbles

Rugby Union
CHRIS HEWITT

It sounds like a bad day at San Siro or the Aztec stadium; controversial sendings-off, a mass punch-up featuring an unholy mixture of players and supporters and a decisive intervention by police wearing riot gear. But this was no outbreak of Latin soccer violence. This happened at, er, Mumbles RFC, the leaders of the Heineken League Division Seven, no less.

Mind you, it was a big old game. Mumbles were hosting second-placed Cwmllwynell in a West Wales derby, and with so

much at stake that you could cut the atmosphere with a lump hammer. When the fur began to fly during the second half, members of the South Wales constabulary might have felt more at home in São Paulo or Bogota, despite the lack of humidity down there on the Gower coast.

Four players, three of them from the visiting side, were invited by the referee, Hugh Banfield, to make an early departure from the arena and one of them, the Cwmllwynell full-back Christian Walsh, collected his marching orders for participating in the "Mumbles Rumble" that had broken out among the 500 spectators.

Walsh later insisted that he had been attempting to stop the violence but that only happened when a posse of very serious-looking police officers arrived. "Because of the nature of the call we received, we gave the incident high-profile policing," a force spokesman said. "The trouble soon died down and we did not have to make any arrests."

Banfield, the official at the centre of the recent Welsh referees' pay strike, is now compiling his match report. "I'll be mentioning what happened both on and off the field," he promised yesterday. It should make fascinating reading.

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